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WEST EUROPE REPORT

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SCHOLAR DISCUSSES FRANCE'S DEFENSE ROLE IN EUROPEAN CONTEXT

Paris DEFENSE NATIONALE in French Dec 82 pp 71-79

[Article by Francois de Rose: "The Defense of France and of Europe"¹]

[Text] The title chosen for our colloquy is "Resolve for European Defense and Security." But in fact, the observations on the situation voiced by several of the speakers who preceded me make one wonder whether it would not have been better to speak of a "Resolve for Non-Defense" evidenced by a certain number of proposals made under cover of our contribution to security: The campaign against nuclear arms with the known success as regards the neutron bomb and then the campaign against Euromissiles. Since the result has not been enough, people are now beginning to see a drive against an effort in the field of conventional weapons, with declarations and demonstrations which bring together dozens and at times hundreds of thousands of people across Europe. It is even asserted that in this field Atlantic Alliance enjoys a great superiority over the Warsaw Pact forces and that consequently any effort in this field is not only useless but constitutes a provocation which justifiably alarms the Soviet Union. Yet, it is certain that the Europeans wish for security and that a majority of them know that this demands a defense effort. The problem is to know whether, in a fluid situation, we are prepared and will continue to be so in the coming decades, to perceive its dimensions, and to pay its price.

Europe is in the process of changing, wondering about its connections with the United States. But France is also in the process of changing and, quite curiously, in a direction opposed to what is occurring in the other countries, at any rate in terms of political declarations. This change runs in the direction of realizing the greater solidarity that should unite us with our neighbors to watch over the defense of our continent. Accordingly, at the RPR [Rally for the Republic] congress in Toulouse, Jacques Chirac said: "France can no longer elude the problem of its

* The ideas that Francois de Rose presents in this article will be repeated and developed in a book to be published shortly by Julliard under the title of "Strategy of the Curia?"

participation in Europe's defense," which undoubtedly means that in his view the problem has effectively been avoided so far. Valéry Giscard d'Estaing made statements of the same tenor. The French Socialist Party, preparing a dialogue with the French Communist Party on the problems of defense and disarmament, stated: "France has to contribute to the security of its partners," and "France must become a partner which is listened to and must emerge from a useless and dangerous reserve." The French president himself has taken a position regarding the Euromissiles, a subject about which we had not spoken so far, thereby approving a decision taken by the military authorities of NATO. At a press conference, he declared that it would be "hypocritical" to refuse to discuss strategy with out allies. If these words are not just straws in the wind and are to be backed up by actions, we must ask what are the problems raised as to how far we can go, for the Atlantic Alliance and France.

If France really wishes to improve the unity of the Alliance and increase its influence on the general dimensions of the continent's security, it can have considerable impact. However, contrary to expressed ideas, this would not be opposed to the direction taken in 1966. The policy outlined by Gen Charles de Gaulle at that time seems to me to have sought a twofold objective: Not to be dragged into a conflict that would fall outside our commitments and one that would not jeopardize our vital interests, which policy was put into effect through France's exit from [NATO's] integrated military organization; and to anticipate France's cooperation with its allies in case it should become deeply involved on their side, a policy that was concretized through the Ailleret-Lemnitzer agreements.

Between these two options, official declarations and documents seem to have blown hot and cold at diametrically opposite extremes--the White Paper of 1972 and the long range planning act of 1976--the first encouraging us to move toward a strategy of deterrence confined to continental France while the second contrariwise appropriately putting into its proper place our solidarity with our allies.

Let us however recognize that overall and for those who go by the most explicit documents, the general impression given by the explanation of our doctrine and of our intentions in case of conflict is that of an uncoupling of France's defense from that of its allies.

As for our doctrine was stated, notably in the White Paper of 1972, it restrains "in space and time" the contribution of our battle corps to operations related to the continent's defense. Its mission, being to give through the use of our tactical nuclear weapons a final warning before recourse to strategic nuclear weapons, is translated on the other side of our allies in order to have French territory remain a sanctuary. In short, it has often been said that France had a policy of independent defense. It would be more appropriate to say that France has an independent defense policy. The confusion is revealing, for an independent defense policy does not absolutely bar us from cooperating with our allies for common defense whereas an independent defense links it to neutrality.

What should one do or not do? First, the problem of structures must not be raised at the outset. All discussions about whether it is necessary to get organized within the framework of the Western European Union [WEU], that of NATO, or that of the European Community seem pointless and overlook what is essential. In contrast, what is essential is to reach an agreement between Europeans and Americans, between France and its allies, on everything that concerns defense doctrines, the levels and makeup of forces.

As far as doctrine is concerned, it must be noted that there now exists a crisis evidenced by calls to denuclearize Europe. Now, a denuclearization of Europe would be the end of the Atlantic Alliance. The Americans will not allow 300,000 GIs to remain in Europe without nuclear capabilities to defend them in the face of a Soviet army equipped with several thousand nuclear weapons. The denuclearization of Europe would thus entail the withdrawal of American forces with the consequences flowing from such an event. There is also a crisis because there is a fear of a limited nuclear war. Without opening this discussion it is necessary to point to a contradiction: The Americans are accused of having tacitly agreed with the Soviets that in a possible nuclear war it should be confined to Europe. Simultaneously and very often, the same individuals oppose the de-loyment of the Euromissiles--the Pershing-2's or cruise missiles--which are the best qualified to insure the linkage of American strategic weapons with the European systems. Indeed, at the point where the Soviet Union may be attacked on its territory by American warheads launched from Europe, it would face an impossible dilemma: Either to retaliate on American territory, which would be a gigantic step toward nuclear war; or not to retaliate on American territory, which would imply recognizing that the United States is a sanctuary whereas the Soviet Union itself would not be. This is one of the reasons, and undoubtedly the first, why the USSR is waging a frantic campaign to prevent the installation of these missiles, another reason being of a political nature. If the Westerners in fact renounced the deployment of these missiles, it would be established that the only weapons that they can use to defend Europe are those that Moscow would graciously allow. It is hard to see what would then be the sense of making considerable outlays devoted to arms programs.

Finally, there has now appeared the doctrine of "non-first use" of nuclear weapons. It is known that the four Americans who have proposed this strategy are not qualified to speak officially. Recently in Paris, McGeorge Bundy, one of the four, stressed the fact that he held no official position whatever. But on 15 June 1982 in New York, Andrey Gromyko declared that "the USSR committed itself not to be the first to use nuclear weapons." The proposals of the Soviet Union will thus place the Westerners before a problem singularly more difficult than that of responding to four private American personalities. It is easily understandable that the USSR should establish this principle, undoubtedly not in the hope of seeing it adopted by the West but in order to place the latter in a very difficult position. And this is indeed what the situation is.

It is doubtless appropriate to return to this concept now that it has become a Soviet proposal. It is not acceptable for the West on three scores. First, on a military basis the nuclear weapon is the only means held by the Westerners to take the war to Soviet territory. Napoleon and Hitler penetrated deeply into Russian territory. They were nevertheless driven

back to their own capitals. If a war were to start in the middle of Europe through a Soviet offensive from the River Elbe, we would have very few chances of pushing the Soviet forces back to Moscow and the danger of Europe's devastation by means of conventional weapons would be considerable, the difference between the use of conventional weapons and that of nuclear weapons constituting for Europe only the difference that exists between "killing" and "overkilling." On the moral plane we must not allow ourselves to be maneuvered by the idea that our first use of nuclear arms would represent a mortal sin. Rather, the mortal sin is aggression. We must formally assert our right to defend ourselves with the means that we have. It would indeed be the height of immorality to adopt a doctrine that would insure the immunity of the aggressor and the total vulnerability of the victim. Finally, at the diplomatic level the adoption of the doctrine of non-first use would be disastrous for, whether what is involved is the price of carrots or of security, any negotiation rests in the last analysis on the capability that a country has or does not have to say "no." It loses this capability when for one side the danger is tremendous whereas for the other it is nil.

We are thus in the presence of a maneuver of the Soviets which does not surprise those who have been watching the evolution of their doctrine for some years now. When they were in an inferior position in the realm of nuclear weapons, the Soviets used to say that war would immediately become a nuclear war to warn us that they would use the capabilities available to them. Now that the nuclear "balance" is changing to their advantage they are saying: "We shall not be the first to use atomic weapons." They thus know that the Westerners would be confronted with the obligation to capitulate or to resort to nuclear weapons in very short order. The Soviets have thus come full circle with this declaration by [Minister of Foreign Affairs] Gromyko.

The problem has also been raised, on the Western side, of the level of conventional defenses. The need for them is formally affirmed by most of the military leaders and analysts of force relationships, but this is not with the idea that it would be possible to defeat the Soviets in the open field. It is not possible to specify the desirable level in terms of personnel or equipment. But, in political language, it is possible to say that the allied forces must be fairly powerful for Moscow one day to decide not to hurl the Red Army toward the west without the preparations and troop concentrations that would raise the alarm and would facilitate the staging of countermeasures. To interdict the Soviets from launching a surprise attack that would take them to Hamburg or Frankfurt is thus the first priority. It is then necessary to achieve a conventional weapons' combat capability sufficient to create a presumption of inconclusive combat for some time, perhaps 2 or 3 weeks. According to the Supreme Allied Command in Europe, this capability is now measured in days for the Atlantic Allies and in weeks, perhaps months, for the Warsaw Pact forces.

Now, if the balance were righted no matter how little, the Soviet army would run the risk of seeing very dangerous movements occur along its lines of communications. Poland's example is there to suggest that if

there was a conflict in Europe some day in which the Soviets would prove unable to crush the Western forces right away, all those peoples, dominated for the past 35 years by a regime which they hate, would be prompted to rise up by an immense hope. It is necessary to factor in the adversary's vulnerabilities, not just ours.

Is this possible? Other authorities would have to say it, but in the constant strife between sword and armor, new technologies reduce the advantage of the sword, whether what are involved are electronic applications to problems of seizing targets and the transmission of data and orders, the means of attack of troop concentrations or communication links and airbases, or the destruction of armored units.

As far as questions of doctrine are concerned, both as regards NATO and France, one should not hesitate to do away with taboos. The allies must thus have a conventional defense capability. If the Soviet army should pierce this defense, NATO would have to use its nuclear weapons. But, to clearly evidence their resolve to use them only for defense purposes, it would be necessary to anticipate that the allies refrain from resorting to these arms except against the forces of invasion and thus against enemy forces located on NATO territory, probably with neutron weapons. But if the Soviet Union then retaliates with nuclear attacks on Western territory, it would be appropriate for NATO to totally abandon its doctrine of graduated response, involving an escalation from a level of 10 to 50 and then 100 or 500 kilotons at 50, 100, or 200 km. The Americans should agree to respond immediately by targeting sites located on Soviet territory. The USSR would then be placed before the dilemma mentioned earlier. The doctrine of deterrence then becomes coherent and could be called "inflexible" response replacing "flexible" response, this inflexibility consisting in nuclear response on Soviet territory.

For France, a problem would be raised if our allies were to increase their conventional defense capabilities as they have committed themselves to do. The question would then arise relating to the role of our first Army. It is not a secret to anyone that at present our conventional defense capabilities are very limited but are probably similar to those of our partners. If the Atlantic Alliance placed itself in a position to repel a conventional Soviet attack for a sufficiently long period and France retained capabilities whose capacity in terms of a time frame was shorter, it would no longer be in a position to participate in Europe's defense. To play its role as general reserve France should, in terms of conventional capabilities, be at the same level as its Atlantic Allies. In case this Alliance increases and modernizes its capabilities, the problem would no longer be to determine what our contribution would be but rather whether we would make one.

Do we have other capabilities? It was said that we had the ability to provide a nuclear guarantee. And the temptation will be great, before the difficulty of supplying our forces, namely, ground forces, with the necessary weapons, to seek a solution through this guarantee of using our strategic means in case of aggression against our allies. There is no question here of underestimating the contribution of the French force to the global deterrence

position of the Atlantic Alliance recognized by the Ottawa declaration in 1974. But it is not possible to provide a nuclear guarantee. Even the United States cannot do it. Since it abandoned the doctrine of massive retaliation, the United States has never said: Should Europe be attacked we shall destroy 100 million Russians at the risk of losing 100 million Americans. Henry Kissinger strongly hinted as much in Brussels. However, what the United States indicated is that Europe's security and independence represent vital interests for America. This is sufficient to be understood. But France, even less than the United States, cannot tell its allies: "If you are ever attacked, we shall destroy 100 Russian cities." All that we can do is to create uncertainty in the mind of our adversary on the conditions of our possible strategic intervention. But this cannot relieve us of giving our assistance to the conventional defense of Europe.

Must we occupy a slot as has been proposed? But is that so important today? Does the notion of a frontline still have any meaning when only a few minutes' flight separates the frontline from the rear? Who does not recall the cries of outrage raised when General Mery stated that we have to be able to participate in the frontline battle? Yet, he had only expressed an idea which made good sense for, in case of attack by the Warsaw Pact forces, it would be difficult to imagine that our forces deployed in Germany would not become involved in very short order. Let us then stop using meaningless rhetoric.

Besides, we would do ourselves as well as the Atlantic Alliance a service by not linking the final warning to the operations of the French First Army. It should be possible to give this warning by means that would be independent of this First Army so that the adversary may not know when it might intervene. Indeed, if it is linked to the operations of the ground forces, it will suffice the enemy to pass 200 km to the north, to arrive through Lille instead of crossing the Kehl bridge [on the Rhine], and there will be no one to inflict that sharp rebuff that will make him relinquish his plans.

It is therefore better to have the means to give this final warning no matter where the adversary may show up. This is a technical problem which should not prove impossible to resolve and which would run in the direction of our contribution to the global posture of deterrence of the Alliance. One naturally thinks of intermediate-range air-to-ground missiles for this task.

France's problem is that it cannot do everything. If our shortage of funds makes us choose the strategic nuclear weapon at the expense of our capacity to help in Europe's conventional defense, that could drive us to neutrality against our wishes and our declarations.

It is thus imperative, both for military reasons and for reasons of foreign policy, that we retain our deterrent force and develop the means enabling us to contribute to the defense of Europe. The problem then is to know whether we shall take initiatives to promote a search for the strategy most likely to insure security in Europe over the next few decades and for the role that our country will play in it. If France should act in that direction, its influence would be all the greater as, for 15 years, it has not spoken out at all on this issue. While France cannot do everything, nothing is possible without it in the European context. This will be the true test of our resolve for defense.

JORGENSEN ATTACKS SCHLUTER TALKS WITH REAGAN ON MISSILES

Copenhagen BERLINGSKE AFTEN in Danish 17 Dec 82 p 9

[Article by Hans J. Poulsen]

[Text] The Social Democratic Party did not seem ready for the big confrontation with the government over missiles and the NATO infrastructure. However, as the hours went by, they began to develop a more forthright attitude, viewing the NATO allocations as a kind of "old debt." With that, the parliamentary pieces fell sufficiently into place to provide the government with an agenda it can live with till next fall since no party has voted for or against it. If Anker Jorgensen's sharpened party orientation is more than a passing fashion, it will add a new dimension to Danish foreign policy debate, which the government in that event will have to try to live with.

Tuesday's debate in Parliament at times became a grotesque ending to the staged feud about Denmark's position with respect to foreign and security matters. Anker Jorgensen's attempt to reorient the party in an area which essentially has been lifted above daily domestic confrontations for more than 30 years was not an unqualified success.

Peace was shattered in a vital political area when Anker Jorgensen began to prepare for a party reorientation in the middle of October and later stressed that legal obligations had to give way to what he considered a political necessity.

The Social Democratic Party's foreign policy brought about truculence, which for weeks has overshadowed the debate about "asocial cuts" and government intervention in wage earners' "well-earned rights" one might otherwise have expected a Social Democratic opposition to plunge into.

Leftwing's Fulsome Praise

When the 4-hour long debate began last Tuesday, it was generally believed that the government parties and the Social Democrats at the moment of truth would avoid confrontation after all: The issue on the agenda could not

topple the government and the Social Democratic Party did not seem particularly ready to fight either. The Socialist Left-Party (VS) and the Socialist People's Party (SF), on the other hand, were ready and in unanimous agreement to take turns mocking and praising the Social Democrats, being certain there would be no remonstrations.

It was these two parties, which with inquiry F-4 "What information can the government provide about NATO plans to place 572 new nuclear missiles in Western Europe in 1983"? had established the framework for the debate, which--considering Anker Jorgensen's remarks--primarily had to be a showdown between the former prime minister and the present four-party government.

"Suspended Until Further Notice"

The Social Democratic Party motivated the debate by submitting this agenda proposal:

"Since Parliament stresses the need to take concrete measures to guarantee relaxation of tension, which is one of the principal goals of our armament reduction and security policy, parliament requests that the government suspend future Danish allocations for medium range missile placements over and above the infrastructure program until further notice. This request does not apply to Danish policies concerning defense, security and armament reduction cooperation with NATO and the United Nations, among others."

This agenda was already drawn up on Thursday last week and--what must be considered remarkable--submitted to Prime Minister Poul Schluter before Social Democratic parliamentary members as a whole had been informed about its content. That was not done until the next day. The authors were Kjeld Olesen, former minister of foreign affairs, and Lasse Budtz, long-standing foreign policy spokesman for the party. The original draft was later comprehensively edited by Anker Jorgensen's expanded "circle," including Ritt Bjerregaard, Knud Heinesen, Ivar Norgaard and Poul Sogaard.

By that time, another agenda had already been submitted by SF and VS:

"Parliament exhorts the government to guarantee the suspension of Denmark's share of the NATO infrastructure respecting the new medium range missiles until further notice."

When a vote was taken 5 hours later, the Social Democratic agenda was adopted by 40 votes. Only the Progress Party voted against it. There were 90 abstentions (the four government parties, together with the Radical Liberal Party (RV), SF and VS. The adoption invalidated the agenda jointly submitted by VS and SF.

Budtz, the Empowered

As spokesman for the former government party, Lasse Budtz took to the rostrum four or five times, but there were no comments from other Social Democrats who possess up-to-date knowledge in that area, like the former Minister of Foreign Affairs Kjeld Olesen and former Minister of Defense Poul Sogaard. They were seen in their seats during the hours-long debate, but they were not heard.

Anker Jorgensen, the author of the day's commotion, only made one brief and simple speech 2 hours into the debate, but otherwise turned the battlefield over to the empowered Budtz, who assumed the legacy and the debt to the extent possible in the given situation.

The diplomat's loge held a number of foreign diplomats, who intensely followed the debate in the chamber. Among them were Mrs Thatcher's envoy, Ambassador Anne Warburton, whose responsibility undoubtedly was to learn whether there was "something rotten" in Denmark, a NATO ally.

The new government was only about one month old when former Prime Minister Anker Jorgensen, after meeting with Social Democratic members of Parliament, issued the first warning that he, as a member of the opposition, intended to pursue a more critical course in the area of foreign policy. On 14 October, he issued a report, which among other things stated that: "In the opinion of the Social Democratic Party, Denmark's share of the NATO infrastructure program respecting the new medium range missiles should be suspended until further notice. Denmark should not contribute to nuclear arms through the infrastructure program." (It was this passage which SF and VS strategists later copied when they formulated their agenda.)

The statement made on that October day did not specifically stimulate any debate because it came at a time when the government wanted to push wage policy encroachments and was threatened by an upset from a few Progress Party votes.

Interlude

An interlude followed--obviously designed to provoke the government--when the government was forced to refrain from voting on a UN resolution (19/11), which enjoined the Great Powers to permanently freeze existing nuclear weapons' arsenals. The government would have preferred to vote against the resolution, but changed its position since the matter was considered unimportant. The fact that Poul Schluter at that time accused his predecessor of playing circus with Danish foreign policy hardly lessened the growing opposition.

On 24 November Anker Jorgensen plainly stated that the Social Democratic Party was prepared to end the present cooperation with the government parties in the area of defense if the government insisted that Denmark support the placement of nuclear-charged missiles in Western Europe.

The tone was further sharpened on 26 November, when Prime Minister Poul Schluter and Anker Jorgensen debated on television. Schluter commented that the new government was "legally, contractually and internationally" bound by the decisions made by Anker Jorgensen, Kjeld Olesen and Poul Sogaard when they were in office. Anker Jorgensen advanced that "jurisprudence must give way to the political viewpoint that the arms race must be stopped now."

Did Anker J. Forget to Inquire?

Up to that time, it seemed as if Anker Jorgensen had no knowledge of what Denmark had committed itself to as a NATO ally during his terms as prime minister.

No government official could have whispered in his ear in time that his own ministers had given the NATO ambassador in Brussels something like a carte blanche to apportion Danish allocations for NATO purposes since he, as former prime minister, had no official authority to obtain such advice. And to what extent did Anker Jorgensen consult with former ministers Olesen and Sogaard?

Furthermore, there is no precedent that Social Democratic members in parliament discuss finance committee documents submitted by Social Democratic ministers, not even appropriation requests for NATO purposes marked confidential. Danish ambassadors to NATO have been given the authorization, which so far has not been contested.

The Radical Liberal Party has since demanded that the Government Board of Auditors investigate the procedure connected with NATO appropriations via the Finance Committee. The Social Democratic Party is supporting that and--according to what WEEKENDAVISEN has learned--the government will not oppose such an investigation if it receives a written request to that effect.

Conservative Misgivings

The first government statement to the effect it felt itself threatened by the 7 December missile debate came from Industry Minister Ib Stetter (Conservative Party). He was guest speaker at the annual meeting of The Danish Bankers' Association 2 December and commented that "we risk being toppled next Tuesday." The prime minister later said Stetter had simply established that the government could be toppled at any time. "That depends upon the opposition," he added.

The next day the Social Democratic Party published the agenda proposal with which it wanted to distance itself from both SF/VS and the government parties.

While Prime Minister Poul Schluter, as chairman and host of a UN summit meeting, toured the city with other heads of state, the other seven Conservative ministers took council. They were uneasy about the deliberations and Knud Ostergaard, chairman of the Conservative members of Parliament, spoke about them so guardedly that one of the Social Democratic strategists turned to one of the top government ministers.

That Social Democrat only wanted to say that any direct departure from that which Social Democrats themselves considered a "watering down" of the party chairman's point of departure would force the Social Democrats to support the agenda submitted by SF and VS. Thus, Radical votes would help secure adoption.

Sunday Analysis at Marienborg

On Sunday, 2 days before the missile debate in parliament, Prime Minister Poul Schluter met with Finance Minister Henning Christophersen (Liberal Party) and the Minister of Foreign Affairs Uffe Ellemann-Jensen at Marienborg. Here they made a detailed analysis of the situation.

The government needed to get more specific information about its "operative" possibilities with respect to NATO if the Social Democratic agenda were accepted. What was meant by expressions like "future Danish allocations" and "until further notice?" Might the government expect a clear declaration to the effect that the Social Democratic Party acknowledged the shortfall of 26 million Danish kroner for the 0's much discussed infrastructure program? Our would the government go back on what Poul Schluter later referred to as "Anker Jorgensen's old debt?" And would it be impossible for the government to later go back to Social Democrats for the 49 million kroner, which--possibly during 1983--shall be paid to NATO as an additional Danish contribution? And could the double resolution of 1979 be upheld?

There was a whirl of numbers and much uncertainty--both within the government's own circle and among the Social Democratic parliamentary leaders. During Monday and Tuesday, there was no lack of informal contacts between government representatives and Social Democratic liaison officers like Knud Heinesen and parliamentary group chairman Svend Jakobsen.

War of Nerves Till the Last Minute

Till the end, the prime minister insisted they were approaching Tuesday's debate with an open mind. "We must know ahead of time," said Schluter, "who won the dispute within the Social Democratic Party. Will the government be authorized to pay the 26 million kroner? We in the government must acquaint ourselves with party spokesman Lasse Budtz's speech before we draw any conclusions."

The parliamentary debate obviously yielded the clarification the government wanted: It did not have to vote for the Social Democratic agenda. And the Social Democratic Party was very happy about not having to take a position on the SF-VS agenda. That might, indeed, have precluded Denmark's relationship with NATO.

As the war of nerves came to an end, Minister of Foreign Affairs Uffe Ellemann-Jensen concluded that it would have been best not to have engaged in the debate. "But," he added, "it provided a clearer direction than one might have expected considering the circumstances."

The course of the missile negotiations showed that, step by step, the Social Democratic Party became more "forthright" with respect to the party chairman's original statements. But it also unveiled the difficulties that can befall a political party when the chairman becomes a captive of his own words and his old government promises. Tuesday's debate, therefore--in the words of one of Anker Jorgensen's fellow representatives--was "a serious effort to prevent our party chairman from losing too much face."

It is indisputable, however, that Anker Jorgensen's behavior created such a stir abroad that he has added a new dimension to Danish foreign policy debate.

A weaker party leader than Anker Jorgensen might have broken his neck on this.

8952

CSO: 3613/39

PAPER VIEWS NATO MISSILE DEBATE FROM INTERNAL POLITICS VIEW

Copenhagen BERLINGSKE AFTEN in Danish 10 Dec 82 pp 1, 11

[Article by Lisbeth Knudsen]

[Text] Social Democratic Party Chairman Anker Jorgensen is very dissatisfied with his successor's performance on a recent visit to the United States and President Reagan, and Poul Schluter's interpretation of the importance of the Social Democratic Party's agenda proposal, which temporarily suspends all allocations for NATO nuclear missiles.

Anker Jorgensen brought up the missile agenda again yesterday during the budget debate in Parliament. "One might easily get the impression from the prime minister's remarks that the agenda for the most part is not important and, as such, needs no further attention. It is obvious it has some importance and it is unfortunate that the prime minister says otherwise. I caution against misinterpreting what has been adopted," said Anker Jorgensen.

Poul Schluter immediately responded and said that he, like Anker Jorgensen, had found that as prime minister one should be exceedingly careful about what one says abroad.

To the great amusement of Parliament and without reference to Anker Jorgensen's earlier remarks abroad, Schluter added: "It is very important to be completely aware of what one has said. That I learned from my predecessor. I mean the matter of being careful about what one says.

"So I adhered to that in my public remarks by referring to the agenda as it was adopted, stating that there were 49 votes for and 90 abstentions and that I, unopposed during the debate, had concluded three things: That the majority still supports Denmark's membership in NATO, that the majority stands firmly behind NATO's dual decision about nuclear missiles and, finally, that the government has been authorized to pay 26 million kroner."

Anker Jorgensen was not satisfied with the answer and found that the prime minister "treated the matter arrogantly." "It is true that the majority still supports membership in NATO. It is also true that further nuclear missile allocations have been suspended. But, according to the daily press, the prime minister has remarked that our allies do not care a farthing about what has been adopted," said Anker Jorgensen.

The prime minister stressed that President Reagan did not ask about Denmark's decision, but rather that he himself brought up the matter.

"The government will respect the agenda adopted by Parliament. It specifically states that the allocations have been suspended until further notice. According to Social Democratic Party spokesman Lasse Budtz, that means that at this time the Social Democratic Party has not definitely said 'no' to the NATO missile project," concluded the prime minister.

8952

CSO: 3613/39

DEBATE ON COUNTERARMING SEEN REVEALING WEAKNESSES IN NATO

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 18 Dec 82 p 1

[Article by Adelbert Weinstein: "The Weakness of the Europeans"]

[Text] For the Atlantic alliance the coming year represents an acid test. What is at stake is the NATO double decision. If the negotiating sides in Geneva do not reach a mutually satisfactory agreement, it would mean the end of the disarmament conference. The Western alliance would then begin stationing the Pershing II missiles and the cruise missiles in the fall. The schedule--talk until summer and then act--is considered a firm program. But is it going to develop as planned? The internal state of the alliance is provoking skepticism. And Soviet international policy may cause some surprises.

The debate over counterarming which has been conducted for the past 3 years has revealed frightening weaknesses of the Western defense community. The tensions existing within the member countries and among them have not been triggered by the Russians. They are "homemade" and inherent in the democratic system and constitute natural reflexes of an open society. But the Soviet leadership has managed to exploit the Atlantic difficulties for its own politics.

Though one cannot talk of a "master plan," the Soviets are interfering in Western politics at every opportunity. First, the policy of detente. Europe and the United States proceed here from two different strategic positions. On the old continent the Soviet Union is seen as a neighbor. This reality, in the view of many European governments, demands political rapprochement. A policy of detente is to have a stabilizing effect on East-West relations. This policy includes only Europe from the Pyrenees to the Urals; it is not interpreted as an attempt to limit Soviet imperialism throughout the world.

The United States looks at it differently. As far as Washington is concerned, the policy of detente has always been an element in a concept comprising the entire globe. Afghanistan, Angola and unrest in Ethiopia have concerned the Americans just as much as Poland has. This "linkage," connecting proper Soviet behavior in Europe with a moderate Russian policy also outside it, has remained for the Americans to this day the prerequisite of a successful strategy designed to maintain a no-war state of affairs. But the U.S. world power and the Europeans have not gotten closer to one another in coordinating their views. The Soviet Union is taking advantage of this discrepancy.

Secondly, the United States advocates close mutual European ties. The Soviets, on the other hand, fear European integration. Their Western policy therefore amounts to a constant offensive against European union. In the process they play off the national pride of peoples and contrasts in interests of the industrialized countries against one another. The fight of the Russians is also a covert fight against the Americans, but primarily Soviet strategy is aimed at the partners of the leading Western power.

A truly integrated Europe probably would long since have stationed Pershing II and cruise missiles. This--according to the Soviet view--must not become reality if only because Europe would then also be able to respond as a military factor to Moscow pressure with convincing counter-pressure. This Russian Western policy has its price, though: a strong Europe could become for Moscow an American ally that could act self-confidently and independently, and with such an attitude would reduce the U.S. influence on Europe (and thus also on East Europe).

Whatever Soviet international policy cannot use collectively in this case it is trying to achieve individually. After the Americans, the Germans are the most dangerous opponent as far as the Soviet Union is concerned. The point is to treat Bonn in such a way as not to "throw it back" unconditionally on the Americans. Now and then the Kremlin is even interested in a stronger tie between Bonn and Washington, for the West Germans can be used for warning the Americans, in terms of Russian international policy, not to burden East-West relations further by new armament. Such a push by the Federal Republic is always made at the expense of NATO unity. Helmut Schmidt several times, mistaking Soviet intentions, assumed this role of broker.

Finally there is East-West trade. The Soviets are extremely interested in buying sophisticated technological equipment. The Europeans would like to sell it to them. Though German trade with the East amounts to not quite 3 percent of overall exports, some hundreds of thousands of jobs are involved here. Despite obstacles of their own (see the deliveries of wheat) the Americans regard business with the East as an unfriendly act of their partners because it strengthens the adversary economically. If one adds to these open or covert tensions in the West the nuclear fear of the peoples of the free world, the picture darkens even further. Particularly psychostrategically--as regards the influencing of public opinion--an inferiority of the West becomes apparent. The political consequences are making themselves felt increasingly every day.

8790

CSO: 3620/143

TEXT OF LISBON APPEAL OF WORLD PEACE COUNCIL

Lisbon O MILITANTE in Portuguese Dec 82 back cover

[Text] Time is pressing. 1983 is crucial.

It is the year in which the nuclear arms race may reach a point of no return.

1983 is the year foreseen for the installation of new American medium-range nuclear missiles in Europe. These first-attack weapons are capable of reaching the target in 4 or 5 minutes and are almost impossible to detect.

Arms-reduction accords may become unattainable. The danger of a thermonuclear holocaust will reach increasingly terrifying proportions.

The people have strength to overcome this danger.

Throughout the world, and especially in Europe, the United States and Japan, the struggle against the nuclear threat and in favor of disarmament is becoming more intense.

Demonstrations without precedent, marches and action by the masses marked the second session of the United Nations, devoted to disarmament. They expressed the will and determination of all currents of world public opinion to put an end to the arms race and the madness of the nuclear-war strategy, allegedly "limited" and "prolonged" suicide.

Everywhere, in the most diverse situations, forms and initiatives, the actions of various peace forces and movements are striving for identical and common objectives.

Those objectives are: a rejection of the installation of any and all new nuclear missiles in Europe; a freeze on the production and installation of nuclear weapons, a movement which has begun to make itself felt in the United States of America; a renunciation of being the first to use nuclear weapons; an appeal for the establishment of areas without nuclear weapons; and a total ban on nuclear weapons.

This movement by the people played an important role in the negotiations under-way in Geneva between the Soviet Union and the United States of America on the reduction of all medium-range nuclear missiles in Europe and of strategic nuclear weapons throughout the world.

Public opinion should now demand that these negotiations have positive results. They cannot be dragged out indefinitely while nuclear arsenals continue to be built up to increasingly greater proportions.

Time is truly pressing.

The WPC chairmanship, meeting in Lisbon from 30 October to 2 November 1982, is making an immediate appeal for new intensity, a redoubling of action toward peace. There is increasingly greater need for dialogue, cooperation and unity by all peace movements, organizations and forces, to multiply and expand the struggle for peace.

The strength and success of this struggle depend upon and are based on a unification of the peace forces, despite differences in viewpoints and with respect for the independence of each one.

No peace movement, no peace force, separately or by itself alone, can put an end to nuclear escalation and deter the trend toward a holocaust.

The combined strength of all united peace forces can, and with certainty will, succeed in stopping the arms race and preserving world peace.

It is possible and imperative to act together now. The wisdom of the people will prevail.

1983 must become a year of far-reaching and united action on a worldwide level for peace and disarmament, with particular emphasis on the following:

1. Suspending and preventing the installation of all new medium-range nuclear missiles on European territory.
2. Obtaining a freeze on the production and installation of all nuclear weapons.
3. Succeeding in getting all nations which possess nuclear weapons to renounce being the first to use those weapons.
4. Initiating effective measures to ban all nuclear weapons.
5. Making sure that there are effective disarmament negotiations on all other weapons of mass destruction and on conventional forces.
6. Creating conditions which will make it possible to use the colossal resources being wasted on the arms race to combat unemployment, underdevelopment and famine.

The WPC is calling for unity by all men and women who love peace and life. The WPC will do everything it can to make the World Assembly of Peoples for Peace and Life and Against Nuclear War, meeting in Prague in June 1983, an exceptional opportunity for dialogue, cooperation and unity of action by all peace forces in the world.

Thus, together, we shall be able to meet the great responsibility incumbent upon our generation: to preserve peace and build a more brotherly, just and humane world.

(Approved unanimously by all participants--about 200 delegates from the peace movement of 70 countries, 10 nongovernmental international organizations and 5 UN organizations--meeting in Lisbon from 30 October to 2 November 1982).

8568

CSO: 3542/3

EXTREMIST FORCES ALLEGED BEHIND ARRESTED CRIMINALS

Athens TA NEA in Greek 20 Dec 82 pp 1, 11

[Excerpts] The extreme rightist Anastasios Tyrselis appears to have had contacts with fascist elements in Italy. The 30-year-old man is a member of the gang which killed a gendarmery sergeant, wounded a gendarme, launched armed attacks against police patrols and committed robberies and many burglaries in the northern suburbs of Athens.

The Capital Suburbs Security Police [APP] is examining carefully the possibility that Tyrselis had connections with terrorist circuits abroad and is investigating the case in depth hoping to uncover the fascist organization which, as it is believed, is hiding behind the three-member gang of killers and robbers.

Anastasios Tyrelis and Aristeidis Arbatzoglou, 27, appear to be the basic poles of the small gang which planned to collect and maintain in good condition an arsenal to be used by an extreme rightist organization at the right moment. Anestis Keikoglou, 25, was not apparently involved in the fascist circuit according to the assessment of the Security Police.

APP officers have concluded that Tyrselis and Arbatzoglou gathered weapons to arm members of an extreme rightist organization and to use force at a given moment. (Editor's Note: We bring to mind the NEA disclosure that Tyrselis had acted as an extreme rightist against Greek students in Naples, Italy, during the dictatorship and in 1978 had been investigated for extreme rightist bombing attempts in Athens.)

Tyrselis and Arbatzoglou aimed at stealing weapons, hiding them in various points in Athens, and carrying out break-ins and armed robberies to get money. Characteristically, they used the funds they stole or collected from the sale of stolen property for the purchase of weapons from the underworld.

This was admitted by Arbatzoglou upon interrogation. He told APP Commander E. Vasilakis: "There are many backing us. I do not know them but Tyrselis does." At another point in the interrogation Arbatzoglou said: "I am afraid to speak because they will kill me..."

But Arbatzoglou and the tougher Tyrselis refuse to tell the police. They say only what they want without revealing "the brain" that guided them, in the opinion of the police.

According to press reports, the two criminals were hiding the weapons in Pendeli, Ymittos, Saronida and Volos. The police seized 31 revolvers and pistols and 3,700 bullets of different types. Included was a .45 caliber pistol which was sent to the Criminal Services Directorate for examination because a .45 caliber pistol was used in the murders of Welsh, Maccios and Bambalis.

7520

CSO: 3521/129

ETA'S INCREASING USE, REFINEMENT OF REVOLUTIONARY TAX

Madrid TIEMPO in Spanish 27 Dec 82 pp 32-40

[Text] Rue Panecau is a short, narrow street on the other side of the small bridge, in the old section of Bayonne. Commercial establishments are crowded together with a profusion of bars not usually seen in the French Basque Country. This is the heart of the meeting grounds for Basque refugees of all stripes. For years, Mr Otxia has met with his clients in any of the bars on this street. Their old walls have witnessed bargaining and pleading, presentations on the accounting situation of businesses, and finally, financial agreement between the extortioner and his victim. In recent times, the ETA treasury has devised methods to facilitate contributions and to protect the organization from the danger that could result from a change in attitude on the part of the French police, who until a short time ago had overlooked these transactions.

"When someone receives the letter and decides to pay, or to try to convince them that he can't, he always goes to someone who might be able to influence them." A young chemist from Guipuzcoa, whose youthful flirtations with the "abertzales" gave rise to his impartial intervention as a mediator in several cases of demands for "revolutionary taxes" from members of his family, tells how it works: "The system is invariable. One must go to a trusted acquaintance who can go over to the other side and negotiate. Some prefer to accompany the middleman; others prefer to remain on the sidelines. Once on the other side, there is no problem making contact. The meeting places in Bayonne or Biarritz are well known. The times that I have gone, with 'poli-milis' as well as 'milis,' I have been surprised at the information they have. It is very difficult to try to deceive them about one's economic situation in order to obtain a reduction. I don't know where they get their information, but they have it. In any case, considering the gravity of the situation, they tend to be understanding about truthful information. They are more and more willing to facilitate the process," he says with a touch of irony. "Now, when one cannot pay them all at once, they set up installment payments, and they go by the 'client's' house or office to collect. Although that may seem impossible to believe, they will go anywhere: Bilbao, Vitoria, San Sebastian, even Madrid. After calling on the phone, they come around to collect with their faces uncovered. They are quite certain nothing will happen to them during the collection procedure, because if the 'client' were to warn the police, he would have less than a week to celebrate."

Home Collections

Since the first letters sent out by Mr Otxia back in the seventies, the system for paying the revolutionary tax has become more sophisticated. The initial contact and the inevitable negotiation take place in France. But today it is not just people with considerable financial means who pay the tax. Any liberal professional--doctors, lawyers, dentists or architects--who earns more than 4 or 5 million a year, may receive the collection letter from one source or another. The amount demanded varies, usually, between 2 and 10 million pesetas.

As the payment of the "tax" has become more universal, systems have been devised to enable any budget to meet the extortion. Once the amount has been agreed upon, the terms are established as if one were paying for a home appliance. The ETA collectors have also simplified the unpleasant experience that neophytes have faced in sneaking across the border and paying periodic sums of money. They pass by the "client's" office or home, and take charge of all the unpleasant details.

"Looked at objectively, it might seem incomprehensible that the Basque business class has not organized any opposition to the revolutionary tax," a representative of the Basque management class tells TIEMPO. "In recent times, we Basque businessmen have been isolated socially, subjected to great pressure. We are poorly understood in a society that is not yet capable of grasping the difficulties we face."

"We have tried to conduct serious studies about the extent to which this 'tax' is being collected, but it is complicated. Normally, those who pay do not tell anyone, not even their intimates. And those who do not pay do not want to boast of a brave decision, because that would increase their risk with the publicity. Others have simply left, although not as many as has been said. Progress? Sure, we have made progress. Unions, political parties and other social sectors are not in the same position as they were 5 years ago. Today, little by little, sectors of society that used to be hostile are beginning to understand that the one who will be damaged by all this is not the industrialist who has been the victim of extortion.

"It is practically impossible to obtain a response from the people directly involved. Who organizes it? Who sticks to the commitment not to pay? And who offers effective protection and personal guarantees to those who are not willing to pay in fact, without reneging? It is very difficult to ask businessmen to take on more than the problems of their own firms and become heroes, risking a shot in the back. What do you think ETA's reaction would be to such a concerted action against them? The usual: they ask first two or three, and then all, to pay again. Society as a whole is not yet ready to deal with this problem. We will see what innovations the Socialist Government can come up with."

Loneliness of the Threatened

Last 15 October a Bilbao man, 56, the representative of a firm in the automobile sector, received "form letter number 2" from the ETA military organization, telling him that he had 2 weeks, for the second and final time, to pay the required 10 million pesetas, "as a contribution to the struggle of the Basque people." At the end of the letter was a laconic warning: ". . . Once the deadline has passed, we will begin to execute people. We have not done so to date simply for political reasons. Finally, we would like to warn you that we will have no trouble finding you."

The Bilbao merchant, after several days of reflection, decided to tell TIEMPO about how the events unfolded in the drama he has experienced.

"The first time I received the threat, about a year and a half ago, I decided to ignore it. I tried to convince myself that it might be a routine circular and that in time, if I remained silent, they would desist. Naturally, I knew people who had been threatened, but until I got that fateful envelope, I never thought it could happen to me. It's one of those things you know perfectly well happen, but you never think it will affect you. Friends of mine, two builders, went away some time ago to live and work in Andalusia. In the beginning they started out paying, but that was an interminable story; more money kept being demanded, and finally they decided to pull up stakes. They could do it; they have enough capital to begin again. My case is very different. I am trapped, and everything I have is here. Everyone knows that the car business is not at its peak right now.

"During the first months after I received the letter, nothing happened. Before leaving the house I would look out the window left and right, in case they were waiting for me. I came and went at different times, and when I arrived at work I would drive around the block a few times before parking. I lived in anguish, but in time the tension lessened. I didn't want to tell my wife anything. Why worry her if she couldn't help me? I finally concluded that they had forgotten me; perhaps they were busy with more important people. Then came the period of the quick kidnappings by the 'poli-milis.' The dentist in Bilbao, Mirenchu Elozegui, Limousin, . . . all of them for not paying the tax. Fear began to grip me again. During the summer, when I was most nervous, to the point that I considered going to a psychiatrist, the phone calls began. They always called when I was not at home, and left strange messages: 'Tell your husband not to forget to take care of our matter, that he has not answered our communication, that he already knows about it.'

"I didn't dare consult anyone. Go to the police? What good would that do me? And what if 'they' found out?. . ."

Surrender

"On 15 October, when I arrived at the office in the morning I found a second letter, with a second warning. I had 7 days or they would execute me. That was the last straw. The situation was overtaking me from all sides. No one can imagine what one goes through at a time like that. You feel alone, terribly alone, isolated from everyone, cornered, without knowing whom to go to,

absolutely defenseless and facing a terrible dilemma: paying, besides economic ruin in a modest situation such as mine, also means giving in. I would have to sell things, take out loans. Furthermore, I would be contributing my money to criminal activities that are destroying this country. If I had had the slightest chance of getting away, I swear I would have left. But what about my business, and my family?

"Two days before the deadline I contacted a distant relative of my wife. He is a radical 'abertzale,' and I thought perhaps he could help me. The truth is, he has always treated me well. He told me that the only thing he could think of was to acknowledge the first letter and go through the refugee channels in Euskadi Norte to try to reach an agreement. He said he had heard that a lot of people negotiate, and that in the end, if one explained to them one's economic position honestly, they would reduce the amount or perhaps even exonerate it. He told me that it would have been better to do that in the beginning, and that now, because I had waited so long, until the second warning, probably no negotiation would be possible. I declined to accompany him, in order to stay out of the affair, and that same day he went to Bayonne, to a bar on Rue Panecau. After meandering through several bars and inquiring for a long time, a young fellow approached him and identified himself as a member of ETA. The negotiation must have been tough. The next day I told the middleman, my relative, that he should be persistent, explaining to them in detail the situation of my business, that 10 million was impossible. After two more trips to Bayonne, when I again refused to accompany him, an agreement was reached on a payment broken down to 400,000 pesetas a month. My middleman made the first payment in France. Last month, and from now on, they have informed me that I needn't trouble myself, that they will tell me what day they will come to my office to collect. I have to have the money ready in used bills. Two weeks ago two young fellows came and told me they would always call in advance on the telephone, using a Basque name as a password. They also told me it would not pay me to do anything stupid."

Eighth Assembly Up to Its Old Tricks

After March 1977 the political-military branch of ETA had discontinued the massive practice of collecting the "revolutionary tax." The kidnapping business brought in enough to fill the coffers.

A year of truce and the split between the Seventh and Eighth Assemblies led to a return by the latter to a campaign of demanding the tax.

An Alavese industrialist last October received the letter printed in this issue, in which the "poli-milis" of the Eighth Assembly demand 7 million pesetas:

"I don't plan on paying. No way," he says. "I have talked to a lot of people, to some members of Euskadiko Ezkerra, and they have also advised me not to pay. A friend of mine has gone to San Juan de Luz to tell them that. There it is easy to find them in any of the traditional bars, in the plaza itself, in the Madrid, the Majestic, or the La Marina. Until this matter is

resolved I am going to spend as much money as possible on security; on traveling, changing my lifestyle, coming and going. But in no way am I willing to contribute to that gang of murderous fanatics so that they can continue to impose their rule of terror. I am going to talk to the Basque Nationalist Party (PNV), the Autonomous Government, and the Socialists. We've had it with not being able to work or live in dignity. I am confident that the Socialists will do something. Many people give in to blackmail, because fear is widespread."

One sector where it is evident to what extent the various branches of ETA have information is the hotel business. The ETA only sends its demands to those whose businesses are doing well, who are apparently few in number.

One of the partners of a major Vizcaya discotheque explained it thus: "These people know what goes on here, they know the market. It's like the Mafia in Marseilles, who know that no money can be gotten out of the nightclub types, because we're all in it up to our necks, with Social Security, taxes, quotas for minors, etc., and the crisis. There are waiters who can tell you about the problems most of us are having. . . The big guys pay. The San Sebastian Casino? They will know if they pay, and if so, to whom. The casinos are a world apart. What I can tell you is that those of my ilk, those of us who live on our income from Big Week and the carnivals, don't receive any kind of demands."

8926

CSO: 3548/65

MUMCU QUESTIONS CIRCUMSTANCES OF AGCA CONFESSIONS

Istanbul CUMHURİYET in Turkish 28 Nov 82 pp 1, 11

[Commentary by Ugur Mumcu: "Confession"]

[Text] How is it that M. Ali Agca has suddenly begun to talk? Indeed, how is it that he has begun to sing like a bird?

Several factors may have played a role in Agca's decision to talk. One of these factors, we imagine, is connected with legal changes made recently in Italy. According to the changes instituted, if those involved in activities considered criminal confess their crimes and identify their accomplices, their punishment will be reduced.

When he was arrested and tried in Turkey, Agca knew how to free himself. To this end, he gave confusing statements and gained time for his accomplices. After a while he escaped from prison. Then he disappeared and emerged once again with the affair of the Pope. Now he has been sentenced to life imprisonment. There is practically no possibility of his release from prison. There is no chance of escape from prison in the institution or institutions concerned. Moreover, through a law newly in effect, reductions in punishment are provided for those who identify their accomplices.

Perhaps Agca has begun to confess for this reason....

When acts of terror were intensifying in Turkey, we touched on the need to introduce legal changes that would provide, in connection with terrorist acts, specific reductions for defendants who confessed their crimes and identified their accomplices. Under the Ecevit government, some progress was made in this field. At the first press conference held by Prime Minister Ulusu we asked whether or not any effort would be made in this area.

In Turkish law there are provisions for reduced sentences for defendants who identify their accomplices and who "make sincere confession" regarding their crime. However, these provisions are inadequate. That they are inadequate is now obvious. The fact that confessions and identifications, whether made at the preparatory stage, in the final investigative phase or after the final sentence, ensure a reduction in penalties induces a great many perpetrators to confess. Such a legal arrangement has still not been established.

Let us admit that up to this point we have not come forward with decisive documents and evidence on who is behind the terrorism. We have no tangible sources aside from government pronouncements on the subject of terrorism's foreign connections and preliminary statements elicited in the final stages of investigation. The law does not allow for circumstances, expressions of conscience or ideological allegiance; the law requires proof. Confessions by those who participated in a crime, in the final stage of the investigation or thereafter, may constitute a part of this proof. There is no other means for this.

While we were advocating the introduction, without delay, of these legal arrangements before 12 September, some others went so far as to say that this type of arrangement would amount to a "judicial outrage." However, certain provisions that make confession a reason for a reduced sentence already appear in several articles of the penal code, including, above all, the famous article 141. The introduction of similar provisions with regard to terrorist crimes on a wider scale would make the job of the courts easier and would make possible a decrease in the source of terrorist gangs. But it hasn't happened; it cannot be done.

Finally, after a development such as this, everyone must certainly believe that this is necessary. If the foreign source of terrorism cannot be found with the help of such confessions and identifications, all previous and current terrorist crimes remain individual "police cases"; the truth cannot be established, the foreign source of terrorism cannot be determined and all efforts are in vain.

All of us, with or without authority, must concede that as a society we are quite inexperienced when it comes to either cycles of inflation or terrorist activity. For this reason, we cannot help but make many mistakes. For example, we decide on a free-market economy, but we face a thousand and one assorted problems because we have not drawn the legal framework for this economy. Because we are inexperienced in the matter of terrorism, we cannot know much at all about how terrorist crimes should be tried; after all, the concept of "organized crime" is foreign to us. Consider that we wasted fully 5 years on the question of whether arms smuggling crimes should be tried in military or civil courts; when we decided that they must be handled in military court it was already far too late to do anything about the problem. By the time legal arrangements were made providing for trying smuggling crimes in a single military court, there was not much going on. After hesitating for a long time over the issue of how many members had to sit on the court where crowd-sized group crimes were tried, we were finally able to decide that for suits involving more than 200 defendants a five-man military court must be seated. So much time was wasted before all this was done.

Terrorism is the common concern of all of us. It must be the common duty of us all to root out the terrorism that, before 12 September, was destroying first our freedoms and finally the state. In this sphere we must direct our attention to solutions that provide clear answers to the question "what must

be done?" instead of producing political ideas in bureaucratic terms and one-sided accusations.

From this perspective, the issue of "confession" acquires importance. The legal measures taken, practices introduced and suits begun in the matter of armed activities in Italy, the homeland of the Mafia, must be for us very important "laboratory" subjects.

Why did Agca not talk in Turkey, and why does he now talk in Italy? Is it because his Italian is more fluent than his Turkish?

We must think about this....

9962

CSO: 3554/84

BRIEFS

SETBACK FOR ALTERNATIVE ENERGY--Danish remote heating plants are not enthusiastic about alternative energy. In the last few years there have been many examples of heating plants not allowing customers to install alternative sources of energy or assessing special fees. But remote heating companies must restrain their dissatisfaction with customers using less remote heat. The companies can neither forbid consumers to use alternative sources of energy, assess special fees nor regulate their consumption to a so-called "normal" usage. That decision was made by the Gas and Heat Pricing Committee under the Monopoly Directorate. The committee stresses that consumers themselves must be allowed to adjust their heating to whatever they find most economical. At the last meeting of the Heat Pricing Committee, it rejected the Hobro, Viborg, Grasted and Dagnas-Bakkelund remote heating plants' injunction against heat exchanges and heat pumps. And the committee could not accept that any of the heating plants be allowed to set higher fixed rates for consumers with alternative sources of energy. [Text] [Copenhagen AKTUELT in Danish 11 Dec 82 p 32] 8952

CSO: 3613/39

BRIEFS

PRICE OF ELECTRICITY UP--The price of electricity in 1983 will fluctuate at the inflation level of around 18 to 20 percent while the government has not yet decided if the increase in this price of electrical current will go into effect in January or March, according to a statement by Energy and National Resources Minister Ev. Kouloubis. He also made public data of the 1982 energy balance according to which: The average price of the home-consumed electricity increased by 15.2 percent compared to 54.5 percent in 1981; the price of the industrially used current (including that by Larko and Pesina) reached 40.2 percent compared to 25.2 in 1981; in farming areas the price decreased by 20.3 percent while in 1981 it had increased by 4.78 percent. It is anticipated that the Public Power Corporation (DEI) will have a surplus about 400 million drachmas compared to the 3.5 billion-drachma deficit in 1981. DEI's 1983 investments will reach 55 billion drachmas (or 50 percent of the total investments by public enterprises and agencies). Its plans include only lignite-using and hydroelectric stations. [Text] [Athens I AVGI in Greek 24 Dec 82 p 17] 7520

NEW OIL FIND--A new oil deposit was located by the "Ammodis 2" drilling in the sea area between Thasos and Agion Oros at a depth of 2,300 meters. According to combustion tests its productive capacity is estimated at 25-30,000 barrels daily. According to reports, ways are being explored for drawing the oil which, according to first assessments, is of good quality and has low sulfur content. [Text] [Athens I AVGI in Greek 25 Dec 82 p 27] 7520

CSO: 3521/137

KORF-STAHL HIT BY CRISIS IN STEEL INDUSTRY

Hamburg DER SPIEGEL in German 27 Dec 82 pp 59-60

[Article: "Pleas and Threats. Willy Korf, Long his Industry's Prodigy, Now Feels the Pain of the Steel Crisis"]

[Text] In recent weeks Willy Korf has been almost constantly on the road. Kuwait had made the Baden steel magnate a stock purchase offer, he was seeking loans from the Saudis and in Tokyo he was negotiating joint efforts with the Japanese.

Everywhere he went, Korf was in high gear, the pace that his situation called for. Without help from abroad, his Baden-Baden steel empire (worldwide sales: 2.8 billion marks, roughly 10,000 employees) would no longer be able to survive its losses.

The banks were dangling offers of new loans. Korf's own financial manager explained to the steelman last Monday at the head offices of the Bank fuer Gemeinwirtschaft: an additional credit in the amount of approximately 50 million marks would be expedited by an offer from Bonn to guarantee the loan.

Korf, who started in the steel business some 27 years ago and had ridden the crest of construction boom through the years of the Wirtschaftswunder, had for years been able to ride out the downhill slide of the European steel trusts. While his competition had long been writing its ledger entries in red ink, Korf was still able in 1980 to record a modest profit of some 26 million marks. Not until last year did the Baden-Baden steel operation first report a loss of 34 million marks.

Korf had been able to hold his own because his midget steel mills in Germany's Southwest and at Hamburg's harbor had been able to respond with greater agility to market shifts than were his larger competitors.

The son of a small-scale farm implement dealer in the Siegerland was one of the first in the industry to perceive in the mid-1960's that the tide was running in favor of smaller mills and away from massive steel complexes. With the international licensing rights to the Midrex direct-reduction process, allowing iron to be converted into steel without the need of blast furnaces, he was able to concentrate his mini-mills on the production of structural steel.

Korf's problems mainly began once his West German plants were no longer able to find adequate markets in the reinforcing bars and rolled steel wire. At the same time that the slump in construction was cutting the level of new orders, foreign competition was making hash out of the structural steel sector with dumping prices.

Further problems were brought about by his overseas affiliates, the worst of them coming from his U.S. steel offshoot, Georgetown Steel Corporation. To appease his U.S. bankers, Korf was obliged to scout around for a well-heeled and willing investor. Together with his board chairman, Johannes Welbergen, Korf took off by air to Kuwait 2 weeks ago. The Arab principality which, since 1975, had held a 30 percent share in his German steel operation and the U.S. plant, was put to the touch for an additional share of Georgetown ownership.

Yet the Kuwaitis failed to jump at the opportunity. They were only willing to shake any money loose once their German associate would clean house in his own German holdings. For months now the frantic entrepreneur has been trying with tricks, pleas and frenzied effort to raise money.

Korf had made an offer to West Germany's minister of economics, Count Otto Lambsdorff, to buy the nationally owned Diag engineering works. Bonn refused, suspecting that Korf was interested only in Diag's cash reserves.

In Hamburg, the steelmaker sought to make a case to the city-state's mayor, Klaus von Dohnanyi, that if electrical utility rates were not reduced, he would be forced to close his electric steel plant in the city's harbor.

When threats and pleas proved to no avail, Korf tried browbeating. It was "scandalous" he wrote secretary of state for economics, Dieter von Wuerzen, in Bonn, that the Arbed Saarlouis plant was being kept alive "artificially" with the help of government subsidies amounting to billions. His own plant at Kehl, some 150 kilometers distant, a far more efficient operation, would be "seriously hurt."

If he had been offered the same level of assistance, he calculated for the bureaucrats at Bonn, he should have some 786 million marks in subsidies coming to him from the public treasury.

Korf had already been seeking government underwriting for bank loans from a number of sources. He had sought loan guarantees of up to 232 million marks from Bonn for plant modernization, with the Land government in Stuttgart to vouch for an additional 40 million marks. In addition to this, Korf listed a loan guaranty of 50 million marks to cover urgently needed bank loans. That much cash would carry him over the next few weeks and might even suffice: by late January the three industry experts ("moderators") nominated by Bonn to work out an overall plan for the entire German steel industry, would be coming up with a set of proposals.

At that point Korf's firm might be able to find a refuge somewhere in an industry-wide consortium.

EXPORTS, ORDERS, FINANCES OF SPIE-BATIGNOLLES OUTLINED

Paris LES ECHOS in French 3 Dec 82 p 6

[Article by Nathalie Seyer and Colette Menguy: "SPIE-BATIGNOLLES: An Exporter Which Is Doing Well"]

[Text] In Agaba, a Jordanian town bordering on the Red Sea, one of the world's largest complexes of phosphated fertilizers has been built. The contract for the project was entrusted by the Jordan Fertilizer Industry (JFI) to the French SPIE-Batignolles [Paris Electrical Projects Company and Batignolles Construction Company] group. Besides this contractor, some 100 French firms including many small and intermediate-sized enterprises participated in planning this project.

The total cost of the project is about \$450 million of which some one-third went to French firms. The capital investments involved were divided among the JFI's own funds (40 percent), various Arab financial institutions (24 percent), and the International Corporation and Eurodollar credits (21 percent). As for France, its financial interest represents 15 percent of the project's total.

The Agaba complex will help Jordan's industrial and technological development. Agreements were signed with Mitsubishi Corporation (Japan) and Woodward and Dickerson (United States) for the marketing of 40 and 35 percent, respectively, of the aggregate finished fertilizer production, the balance being marketed directly by the JFI.

On the occasion of the inauguration of this gigantic complex the executives of SPIE-Batignolles wished to make a statement on the group's evolution.

A change in a firm's president, even though an heir-apparent from way back may take over, is often the occasion for some reshuffling in a group. The appointment of Georges de Buffevent to head SPIE-Batignolles early in the summer of 1982 is no exception to this rule. It coincides with the announcement of a reorganization into four operational directorates of the leading French exporter in the construction and public workers sector.

By creating four poles of activity of dissimilar importance, the reorganization challenges the complicated legal structures of this affiliate of Empain-Schneider. At any rate, it confirms a policy to move in on markets by a diversified group whose nature in the intermediate term will change in a highly competitive international context.

Refocusing

Under these conditions the importance of the group's civil engineering and construction division (5 billion francs turnover in 1982) should at best remain flat in the coming years despite the group's ambitions, notably in very low-cost housing for export,* whereas the evolution will be the opposite for its electric and nuclear division (over 5 billion francs turnover) whose recent acquisition of Trindal will enable it to move into the industrial robots market earmarked for some measure of growth.

The oil and pipeline operations (1.8 billion francs) on their part retain their relative importance in the group, with offshore and water-related projects being scheduled to take up the slack from declining operations.

Finally, the group has announced its most daring goal, considered as "vital" by Georges de Buffevent, for its engineering and general enterprises division (1 billion francs turnover). The latter includes SPEICHIM and SPIE's general industrial enterprises department.

Such a resolve to refocus activities around given product lines deemed to have a future (basically, urban development and energy) assumes a strengthening of the engineering division's marketing impact, specifically in the face of the American and West German giants in the construction management sector, for the latter will continue to greatly outdistance the French group in terms of size.

This explains the fact that, in a strategy which officially excludes the goal of external growth, an exception is being made in case there is a chance for reactivation, especially in the United States and probably in the engineering projects field.

This is an opportunity which would also satisfy a goal of geographic diversification of the overseas activities of SPIE-Batignolles that is beginning to bear fruit in Latin America (a contract for a very large ethanol refinery should be won shortly in Colombia) and in Southeast Asia (especially Indonesia and Malaysia).

Thanks to rigorous management and especially to a very advanced reserves policy, the financial situation of SPIE-Batignolles is very sound. Thus, following its increase in capital stock in June 1982, the firm's own

* The increase of SPIE-Batignolles' interest in Coignet (which will become effective as soon as the government actually makes the promised loan guarantees available) is the latest evidence of SPIE's desire to position itself in a spot where it has allowed some of its competitors (notably French ones) to enjoy an advantage.

consolidated capital is in the order of 540 million francs while its reserve fund for contingencies, a large portion of which is not used, represents some 570 million francs, a fact which blurs the real profit potential of the enterprise.

For the current fiscal year, the consolidated turnover should be around 13.8 billion francs (of which some 1.8 billion francs represent sales by Trindel), up by 20 percent over sales in 1981. Some 70 percent of the projects completed will involve export business.

As for the net profit--with due respect to prudence--President Georges de Buffevent did not wish to make projections, merely indicating that it would be in the same order of magnitude as in 1981, that is, 115 million francs, or nearly 30 francs a share.

Unfilled orders represent about a year's worth of operations. Right now the rate of incoming orders shows a tendency to slow down in Middle Eastern countries because of the drop in oil revenues. But in contrast there is an increase in orders originating in Latin America.

Accordingly, taking these elements into account, the group should witness a pause in its growth in 1983. In the present economic situation, with competition more and more acute leading to price discounting, profitability should be preferred over turnover volume.

SPIE-Batignolles' president confirmed that Trindel's purchase had been a desirable event for the group which has thus been able to take its place in the industrial robots field. The normalization of the operation is well under way since Trindel is expected to end with a balanced fiscal year and yield a profit once again in 1983.

SPIE-Batignolles has not always proved itself generous with its stockholders, distributing less than half of the parent company's net profit to the former, a fact which has undoubtedly depressed the company's quotations on the stock market. However, this attitude should change. And for the current fiscal year it is appropriate to recall that the firm, having increased its capital, does not come under the law placing a ceiling on dividends. Thus, it has already stated that the single dividend of 1981, that is, 9 francs on each share, will be maintained on the increased capital stock.

SPIE-Batignolles' rigorous management as well as [capital] funds paid into the company in June 1982 place it in a good position to seize every opportunity, especially in the United States. For in a period of turbulence the company must remain "liquid," President Georges de Buffevent concluded.

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CSO: 3519/187

COFACE IMPLEMENTS MEASURES TO EXTEND, SIMPLIFY GUARANTEES

Paris LES ECHOS in French 3 Dec 82 p 4

[Article: "Short-Term Export Credit Guarantee Measures"]

[Text] By introducing yesterday some 30 measures intended to facilitate contact between the exporter and his underwriter, COFACE [French Insurance Company for Foreign Trade] has made a worthy effort. In a somewhat ironic vein the French minister of foreign trade, Michel Jobert, noted: "It is close to marvelous. A year after the request for the introduction of reform, COFACE has indeed succeeded in drawing up a series of proposals running in the right direction."

Let us recall that COFACE manages an operation that can be considered as private. What is involved is the short-term guarantee of commercial risk in export transactions. About 22 percent of French foreign sales are covered by such insurance. The arrangement announced yesterday concerns this sector exclusively.

The other aspect of COFACE's mission involves its guarantee of intermediate- and long-term exports or those which, by their nature, benefit from the government's support. About 140 billion francs' worth of exports have thus been underwritten this year.

In 1982 the total losses [on guaranteed export business] will exceed 5 billion francs while the budgetary deficit will be about 2 billion francs. In which countries is COFACE most deeply committed? "Brazil, Morocco, Egypt, and Soviet Union, Algeria, Saudi Arabia, and Nigeria," Michel Jobert specified. The highest risks are involved in exports to Poland, Iran, Iraq, Sudan, Zaire, Vietnam, and Guinea. An expert stressed that this year the Federal Republic of Germany will represent sizable commercial shortfalls because of the deterioration in the positions of businesses.

What will be the impact of the simplification measures on the company's short-term activity? This year some 90 billion francs in exports have used the arrangement. Theoretically, this figure should be larger starting in 1983 because of guarantees to new exporters. However, there will be slight impact on the results. So far the "private" branch of COFACE has always been balanced.

Arrangement

The president and general manager of COFACE, Francis Grangette, indicated yesterday: "The drafting of a total of 34 measures aims at extending the panoply of guarantees offered to exporters while simplifying procedures and reducing their cost. They are also designed to smooth the conditions of evaluation and settlement of approved shortfalls, to improve and shorten the investigation of the risks of losses."

This endeavor assumes a development in COFACE's regional and international presence. In this connection Minister Jobert expressed the hope for the establishment of a COFACE branch in Saudi Arabia. A data-processing program is also under way.

The arrangement intended to make short-term credit guarantees more effective includes three aspects:

1. Sixteen measures bear on the simplification and improvement of insurance policies.--Let us mention the rewording and clarification of the comprehensive policy, widely used. Additionally, the ceiling on payouts will be eliminated. The range of guarantees on account of "undesignated" clients, now 7,500 francs to 30,000 francs per buyer, will be increased to 15,000 to 50,000 francs, while the benefit of the clause will be more broadly extended to the countries of Latin America and Southeast Asia. The insured exporters will be better informed of the possibilities of having their sales of French goods and services through affiliates abroad underwritten. The guaranteed portion of the commercial risk borne by COFACE will uniformly be raised to 85 percent.
2. Eight measures concern the acceptance of risks.--Let us note that the share of guarantee decisions made automatically by computer should be raised to 20 percent shortly compared to the present 15 percent. The investigation of claims involving less than 200,000 francs will be speeded up. Small branches will be established in Britain and Spain.
3. Five measures bear on the settlement of losses.--Specifically, the deadline for settlements will be reduced from 9 to 6 months regarding exports to all countries. Defaulting debtors will be dunned systematically. Finally, five miscellaneous measures concern the general organization of COFACE.

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CSO: 3519/187

FUNDING, INTERNATIONAL COOPERATION IN AIRCRAFT INDUSTRY

Innovation Seen as Key

Paris AVIATION MAGAZINE INTERNATIONAL in French 15-31 Dec 82 pp 22-25, 27-28

[Article by Roger Cabiac: "Economic Conditions: A Cause For Concern"]

[Excerpts] After several years of prosperity, the French aerospace industry is concerned about its future. Not without some reasons. Its current or projected programs may be purely national or require foreign cooperation, they may involve airplanes, helicopters, engines, missiles, space or equipment: in all cases, the industry is confronted with a range of problems which are called recession, budget austerity and the lack of a political will in Europe. There is one reason for hope: the industry has already experienced such difficult situations in the past.

Within less than two months, the French aeronautic scene underwent a complete change. Late last June, our country's aircraft manufacturers thought they had reasons to display some optimism; by early September, things had changed: anxiety had come to stay; it all happened as if, within 60 days, they had realized that scheduled project authorizations and credit payments included in the 1982 budget and which had been frozen earlier this year by the government were to be postponed for good to the next fiscal year or even cancelled. The 1983 defense budget, which was discussed in the fall and turned out to be rather spartan with respect to equipment and research and development expenditures, did not have much appeal either; all the less so, as another freeze on scheduled project authorizations and payment credits might well be ordered should the country's economy require it.

In the face of such situation, swords were drawn everywhere, especially in the press, to protect the threatened industry. As a gesture of appeasement, the government promised that the Ministry of Defense would not be forgotten in the Finance Bill later this year.

Actually, the best that can be hoped from such a measure is an additional injection of payment credits, 700-800 million francs, to be distributed among

Table 1. Variations in French Aerospace Industry Sales (Production)*

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
(1) Références monétaires										
(2) Francs courants	8 681	10 880	12 976	15 500	19 900	22 026	24 226	27 824	35 173	43 782
(3) Francs constants	20 779	24 387	26 152	27 749	32 508	33 191	33 307	34 434	39 323	43 782

Key: 1. Currency references
2. Current francs
3. Constant francs

Table 2. Variations in French Aerospace Industry Personnel*

	1960	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
(1) Avions et engins	47 000	62 375	60 883	59 893	60 640	68 286	67 893	68 029	69 717	81 590	82 883
(2) Moteurs	18 000	21 988	21 925	22 362	22 674	23 003	22 033	21 821	21 871	23 118	24 061
(3) Equipements	17 000	24 184	23 324	24 424	25 701	25 185	23 888	23 774	24 788	26 077	26 788
TOTAL	80 000	108 525	106 132	106 789	108 915	107 454	103 286	103 424	106 297	110 783	113 680

Key: 1. Aircraft and missiles
2. Engines
3. Equipment

Table 3. Variations in Personnel, per Sector of Activity*

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
(1) Etudes	17,9 %	18,2 %	18,8 %	19,3 %	19,8 %	20,2 %	20,8 %	21 %	21,3 %	19,2 %
(2) Prototypes	10,1 %	8,3 %	8,4 %	8,1 %	7,3 %	7,7 %	7,8 %	8,4 %	8,4 %	4,9 %
(3) Production	52 %	53,4 %	52,9 %	52,7 %	53,3 %	51,8 %	51,4 %	52 %	51,7 %	55,8 %
(4) Services Généraux	20 %	20,1 %	19,9 %	19,9 %	19,9 %	20,3 %	20,2 %	20,8 %	20,8 %	20,2 %

Key: 1. Design and engineering
2. Prototypes
3. Production
4. General departments

Table 4. Variations in Personnel, per Job Category*

	1960	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
(1) Ouvriers	58 000	47 285	45 898	45 980	44 028	43 951	39 371	38 991	38 647	39 339	38 039
(2) Employés	7 000	14 910	14 979	14 897	14 989	13 915	12 664	13 430	14 160	15 767	17 748
(3) Techniciens, dessinateurs, agents de maîtrise	12 000	32 639	31 828	32 208	35 233	35 000	36 630	38 631	37 600	38 840	39 849
(4) Ingénieurs et cadres	5 000	13 691	13 431	13 684	14 885	14 688	14 640	14 372	15 100	16 817	18 064

Key: 1. Workmen
2. Office workers
3. Technicians, draftsmen, supervisors
4. Engineers and cadres

* These tables were originally published in the 1981-1982 report presented at the GIFAS [expansion unknown] annual meeting on 1 Jul, 1982.

Table 5. Foreign Trade Variations (In Millions of Current Francs)*

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	Total
(1) Commandes enregistrées	3 689	5 470	10 423	9 210	9 710	23 831	17 154	28 890	27 017	35 174	188 568
(2) a Livraisons effectuées	3 795	4 818	5 329	7 188	10 350	11 518	13 350	15 678	20 504	27 110	119 616
(3) b Importations par les constructeurs nationaux (1)	883	967	1 195	1 582	1 380	1 590	1 887	2 208	3 395	4 420	19 225
(4) c Importations par les constructeurs nationaux (2)	1 009	1 440	1 383	1 148	1 233	1 503	2 015	2 370	3 405	4 113	19 617
(5) d Importations nationales totales (b + c)	1 872	2 407	2 578	2 708	2 593	3 093	3 882	4 578	6 800	8 533	38 842
(6) Solde pour la construction aéronautique proprement dite (a - b)	2 932	3 851	4 134	5 604	8 990	9 928	11 883	13 470	17 109	22 890	100 391
(7) Solde aéronautique national (a - d)	1 923	2 411	2 751	4 458	7 757	8 425	9 688	11 100	13 704	18 677	80 774

- Key: 1. Orders received
2. Units delivered
3. Units imported by domestic manufacturers (1)
4. Units imported by domestic manufacturers (2)
5. Total domestic importations (b + c)
6. Balance - Aeronautical engineering proper (a - b)
7. Balance - Domestic aeronautical industry (a - d)

* This table was originally published in the 1981-1982 report presented at the GIFAS annual meeting on 1 July 1982.

several industrial sectors; hardly enough to make up for changes in costs which have been drifting since the beginning of the year.

Because it is a mortgage on the future, the inadequacy of project authorizations is a still greater cause for concern. It can have only nefarious consequences on the credibility of our aeronautical industry and on employment; the arsenals alone are not affected by general austerity: they do not have boards of directors and chairmen--who act as buffers in national companies--and the government would therefore find itself fully exposed in case of social conflicts.

Many of these worries would be swept away if export prospects were to provide a measure of relief in financing our industry, especially in research and development. But the world economic recession is adversely affecting exports. Our country is no exception to the rule.

Under these circumstances, countries exporting aeronautical equipment, like France, increasingly find that they cannot get a contract unless they advance the credits necessary to the purchasing country; the result is a certain national impoverishment at a time when buyers are increasingly likely to ask for a staggering of their payments, which entails an increase in the financial costs of enterprises, as they must have recourse to bank loans.

Until now, the results obtained by the French aeronautical industry have remained at a remarkable level.

This performance is no doubt due to the association of two factors: a line of high-quality products well adapted to market requirements, and a marketing system (company offices and sales departments) which knows how to promote and sell them. But this performance makes our industry especially vulnerable, all the more so as exports—which represent over 60 percent of its sales*—are uncertain and may vary with political changes.

One of the conditions that must be met if we are to maintain our exports at their present level, and if possible increase them, is of course the renewal of our line of products; that means innovating. Now, innovation is expensive and does not thrive on limited credits. True, the manufacturers involved invest their own funds in this field, but they cannot achieve miracles without help from the state. Now, government expenditures in aeronautical research and development happen to decline at the very moment when countries with large aeronautical industries, in particular the United States, are undergoing important technological mutations, especially with respect to the use of new materials; when considerable progress is becoming apparent in aerodynamics and in aircraft artificial instability control; when there is some talk of engine temperatures of the order of 1700° at power turbine inlet (i.e. 300-400° more than can be achieved with present technology).

And what could we do in France if credits were available?

The government and Dassault-Breguet may have agreed to undertake without too much delay the realization of the experimental AC-X aircraft, but questions may be raised as to which jet engine should be used in that aircraft. Does it make sense to develop a jet engine based on 1990 technology (M-88) for a combat aircraft which will hardly appear in squadrons before 1995/2000? Or should we, on the contrary, aim at post-2000 technology? But then, how could we do so without the support of such and such a large foreign engine manufacturer or without going through an intermediate stage which, once completed, would consolidate the French position in case of international cooperation? At any rate, present plans include the intermediate stage (M-88).

What we should remember is that if, until now, our country has been able to assume an honorable place in the world of aeronautics, it is because, over the past 30 years, it has managed to carry out simultaneously and within a purely national framework at least one large combat aircraft project, one large combat aircraft engine project, one large helicopter project (including the propeller and most associated equipment). To neglect these facts and to consider stopgap measures is not to be responsible, at least as long as our continent does not exhibit a political will to create a truly European arms industry... And then, how could we talk of national independence...

Seeing the prosperity of our aerospace industry, the government may well begin to think that there is no reason to worry about the future and that all we have to do is keep going without providing any new momentum...

* Sometimes more in certain sectors; thus, 1981 exports accounted for over 90 percent of Aerospatiale's helicopter division sales.

Sooner or later such an attitude will turn out to be costly, although some optimists like to recall that our aerospace industry has successfully handled difficult situations on several occasions in the past...

New Combat Plane, Helicopter

Paris AVIATION MAGAZINE INTERNATIONAL in French 15-31 Dec 82 pp 30-32, 35-36

[Article by Pierre Sparaco: "A Difficult, Often Unavoidable Road"]

[Excerpts] For the past several decades, international cooperation programs have been in the foreground of the French aerospace industry and have even occupied a dominant position in certain areas. Full-fledged joint ventures, smaller-scale agreements, economic compensation agreements including a single-source provision, licensing, subcontracting, aid for young aeronautical industries looking for technological expertise, etc. Multiple, varied, omnipresent facets. Cooperation, no matter what meaning is given to the word, is often justified, necessary, sometimes difficult. It is based on an evolving concept which has now also reached a certain form of maturity.

The interplay of exports on the one hand, the desire to prevent unconditional U.S. domination on the other hand, have provided new arguments for the idea of cooperation. But, we should say it again, that was out of economic necessity, certainly not out of ideology. And this should be strongly emphasized as, even today, some types of misunderstandings often arise as a result of the spirit presiding over some industrial agreements.

The very principle of cooperation is of course also based on other arguments which go far beyond the breakdown of investments and the extension of production series. An extreme case is precisely that of jumbo airliners: without the concertation which gave birth to Airbus Industrie, Europe as a whole would have had to give up purely and simply. Finally, and this is far from being unimportant, the very principle of cooperation, especially in a leading sector with a high level of requirements, constitutes a factor of European cohesion and its impact greatly exceeds the limits of aeronautics or economy to carry a message that is also political.

Obstacles

On the other hand, any fairly large cooperation operation involves difficulties. Increased costs to begin with—which are supposed to be made up for by longer series—psychological problems, language problems, problems concerning working methods and, above all, organizational problems. In the military sector, finally, by far the most advanced of all, experience has repeatedly shown that efforts to export can become uncommonly complicated due to the respective requirements and regulations of supervising authorities in the various countries involved.

On the one hand, zones of influence, i.e. potential markets likely to be a source of orders in due form, are added up. On the other hand, the geopolitical views of one partner may differ from those of another. This can be seen in extreme cases, when there is some talk of an embargo. A consensus is seldom achieved. Last but not least, manufacturing an aircraft or an engine jointly implies the integration, the total fusion of the views, the objectives and the project schedules of at least two partners. Obviously, the result may be a half-baked compromise.

In addition, the manufacturers who are supposed to work together may not only have different statutes or different legal setups (private or nationalized enterprises with varying degrees of independence with respect to their supervising authorities), but they may also have widely differing sizes. Can a giant effectively cooperate with a small company?

These lines of thought, these obstacles, these drawbacks, these assets, France has experienced them all, even if we consider only the past 20 years. And it has drawn lessons from them. This is precisely what now allows it to say that cooperation is an idea whose time has come and that it has become aware of its limitations as well as of its strength. This is better realized if we consider the extreme unwieldiness of the Concorde project management organization --a program which was launched exactly 20 years ago--and the flexible formula adopted by CFM International [expansion unknown] and, not so long ago, for the ATR-42 project.

There remain the fact that cooperation, now deeply rooted in habits... and workloads, must still prove every day that it is credible and justified, mainly because it seems somehow unseemly to export work-hours during an economic slowdown which may last until the economies of industrialized countries have fully recovered.

When it comes to cooperation, France makes no bones about its opinions, which is not always true of other European countries. This also amounts to say that it has drawn lessons from the past, or again that it has refused to embark on risky ventures. In more explicit terms, it believes for instance that it is mandatory to have a clear division of responsibilities, or again to appoint a prime contractor or people to be actually in charge; it avoids like the plague what is usually called "the plane designed by a committee" and it also acknowledges frankly that, when it comes to dependence, there are limits that should not be overstepped. This last remark applies more particularly to the military sector.

To say the truth, in spite of a few minor setbacks France still has a vital asset: it can boast of a full-fledged, voluntarist aeronautical policy--which is not necessarily true of other European countries. This may not always have been well understood.

In conclusion, it will say yes to cooperation, but certainly not at any conditions.

Now, as a backdrop, we should recall that, as a result of the success of the French aeronautical industry on export markets--which account for approximately

60 percent of its total sales, even 80 percent or more in the case of combat planes, helicopters and tactical missiles--the whole industry has become extremely vulnerable to outside events on which it has no control. We can logically assume that new projects realized through cooperation might alleviate the drawbacks of this situation.

This, however, would not only require that the state continue to shoulder the responsibilities which can be logically considered to be its own, but also that sustained and consistent efforts be made in the budget to provide for the progressive renewal of the line of products. This is why a certain malaise, even concerns for the long-term future, have prevailed during the past few months. Now, the main thing is probably to look beyond present economic problems, as the aeronautical sector is characterized by unavoidable and very long reaction times which require that decisions be made well ahead of time. Today, without further delay, we must prepare for the 1900's and even for the 2000's.

As far as cooperation is concerned, the recovery that is needed cannot of course come from France alone, and for good reasons. It will require political determination on the part of several governments, as perfect a coordination as is possible, as well as the selection of realistic objectives.

An Exemplary Case: The Agile Combat Aircraft

The implementation of a new combat aircraft during the next decade, a priority objective of several large European air forces, is a priori a working hypothesis of the highest importance in reviving cooperation. If all has already been said concerning the aspirations of the FRG, Great-Britain and, of course, France with respect to the replacement of the Jaguars and other Phantoms, it is a fact that the chances that they will take advantage of it to launch a joint large-scale operation are slim at present. It is regrettable.

On the occasion of the debate of the budget, two weeks ago, the minister of national defense, Mr Charles Hernu, confirmed that the ACS project submitted by Dassault-Breguet would be launched in 1983, and he indicated that foreign partners would be invited to join in it. This was an interesting statement which came right after the British government's decision to share in financing... British Aerospace's demonstration ACAs (Agile Combat Aircraft). For its part, the British group, "without keeping France out," is resolutely looking forward to an association with the Germans and the Italians, which would enable it to use in one form or another the cooperation structures created for the development and mass production of the Panavia Tornado.

Certainly, technological demonstration aircraft are, in the long run, only a preliminary step which does not exclude that considerable room to maneuver will be preserved until mass-production of an operational weapons system is started. On the other hand, it is already possible to detect a risk of duplication of technological and financial efforts, of simultaneous development of the ACX and ACA lines. This would tend to prove that the concept of European cooperation may not have reached the desired stage of political maturity.

The ACX/ACS case is exemplary. At least for the time being, it does not exactly incite to optimism, although Bonn still considers that an association with France, or a tripartite association if possible, would be well in line with the objectives set some 20 years ago and which led to highly positive results.

We must also take note of a failure, which may be temporary, in an entirely different field, with respect to the intention of taking advantage of the Paris-Bonn axis to develop a new antitank helicopter, the PAH-2. Operational and technical requirements on the one hand, budgetary inconsistencies on the other hand, have caused this project to be placed on the back burner. Thus we can add that the Europe of military rotary wings is also a source of many disappointments and worries for France. All the more so as the EH.101, a major project since it was designed to replace the Sea King generation, is now under preparation in a purely Anglo-Italian framework.

9294

CSO: 3519/224

TRADE DEFICIT ALMOST TEN PERCENT OF GROSS NATIONAL PRODUCT

Reykjavik MORGUNBLADID in Icelandic 21 Dec 82 p 48

[Article: "No Prospects for Any Major Improvement Next Year"]

[Text] The outlook is now that the trade deficit this year will be above 10 percent of national production. This means that Icelanders will have to send every tenth krona that they earn abroad since their foreign debts have grown beyond their currency reserves," said Johannes Nordal, Central Bank director, in his lead article in the third issue of FJARMALTIDINN which recently appeared.

"Prospects for next year are not particularly encouraging. There is no likelihood for any real improvement in foreign economic developments that could have a favorable impact upon the Icelandic national household and export production is dubious on account of the condition of the fishing banks.

During past months various measures were carried out in foreign exchange, wages and pensions to control the growing imbalance in the national household. Nonetheless, prospects are for a much greater trade deficit next year or perhaps little less than his year but with a much greater monetary value," said Nordal.

It is worthwhile to mention in this connection that the economic proposals presented by the prime minister last October foresaw a 10 percent trade deficit this year but, on the other hand, estimated around a 6 percent deficit for next year, whereas Johannes Nordal thinks the prospects for the future to be considerably worse.

"There has been much difficulty in the Icelandic national household during the present year, now coming to an end. Export income has decreased considerably and reduced national production. There has been little change in national expenditures for consumption and financing so that the reduction in production and monetary income has had a large impact in a greatly increase foreign trade deficit financed through foreign debt increase and a decrease of savings," said Johannes Nordal in his lead article.

9857

CSO: 3626/20

FISHING FLEET LOSSES CONTINUE TO INCREASE

Reykjavik MORGUNBLADID in Icelandic 15 Dec 82 p 32.

[Article: "Loss of Outfitters Now around 564 Million Krona"]

[Text] Based upon operating conditions of outfitters for mid-December, the loss for the entire year is a total of 564 million krona according to the calculations of the Economic Institute. The losses of the boat fleet amount to 14.1 percent of income or 225 million krona, the losses of small trawlers 13.8 percent or 254 million krona and of large trawlers 21.3 percent or 85 million. In the case of small trawlers a catch of 3500 tons is assumed per ship and calculations assume the same catch, catch composition and time at sea as in the present year. On this account it is expected that the catch will be more next year on account of an increase of 6 to 7 percent in the number of ships. The capelin fleet is not included here since total deficits of outfitters are considerably more.

MORGUNBLADID spoke about this with Kristjan Ragnarsson, chairman and executive director of the Association of Icelandic Fishing Outfitters. He said that these figures, in regard to small trawlers, took into account the fact that the ships became inefficient due to interest changes since 1 September amounting to 3.6 percent and provisions on exchange rate differences of 0.9 percent. Also taken into account is a continued oil subsidy of around 22 percent, amounting to around 6 percent of the income of outfitters, and likewise unchanged oil payments, which amount to around 7 percent. The situation is now much worse than before September when these measures were first put into force. It was assumed that things would continue as they had been but things are altogether worse than in September on account of the fact that all costs have increased considerably due to changes in the exchange rates.

As stated above, it was assumed that the measures of September would continue. If not, the situation as influenced by them, would have worsened. The oil payment went out of force but was continued by a law. It amounts to 7 percent of income, oil subsidies 6 percent, interest changes 3.6 percent and the exchange rate difference 0.9 percent. Otherwise the loss of small trawlers would have been 30 percent.

"All of this is under study by the government and we now await their proposals on how problems will be solved. Things can't go on as they are and we have seen what has happened in years past. Attempts are being made to deal with the problem through debt changes, with interest rates now 47 percent. This is because such changes cushion themselves. But such debt changes, which haven't had an effect yet, solve no problems. Problems, however, mount up and better conditions are needed for next year for debt changes to be effective," said Ragnarsson.

9857

CSO: 3626/20

BANKS' FOREIGN CURRENCY RESERVES DROP

Reykjavik MORGUNBLADID in Icelandic 18 Dec 82 p 48

[Article: "Banks' Payments Position has Worsened by 1,200 Million Krona in a Year"]

[Text] In spite of considerably more foreign debt this year than last year the payments position of the banks worsened by 1,200 million krona during the period January to October of this year, not taking enhancements on account of foreign exchange evolutions into account. By comparison, the payments position improved by 470 million krona during the same time last year. The facts are from the December issue of the Monthly Economic Statistics.

The explanations for this may, among other things, be found in increased debts with savings and loan institutions. During the 12 month period until the end of October savings and loan debt grew by 76 percent but there was relatively little increase in the money supply, or 34.7 percent. However, public savings have reduced the increase substantially. They grew by 50 percent in the period in question.

"In spite of the large amount of debt with savings and loan institutions in the past it is felt that the cash position of companies and households is bad at the present time since large currency flows have gone out of the economic system for imports. The cash position of savings and loan institutions is likewise very poor and has deteriorated along with the payments position during the year." it also said in the Monthly Economic Statistics.

9857

CSO: 3626/20

PAPER WARNS ON USING FOREIGN LOANS TO INCREASE CONSUMPTION

Stockholm DAGENS NYHETER in Swedish 5 Jan 83 p 2

[Editorial by Nils-Eric Sandberg: "Sweden's Foreign Loans"]

[Text] In 1982, state foreign loans increased by 20 billion kronor to approximately 72 billion--not including the effects of devaluation--according to the National Debt Office. That roughly equals the deficit in the balance of trade and thus the difference between what we produce and what we consume.

Foreign loans at this level are not a serious problem, as long as the money is used basically for productive investments that can then go toward paying off the loans. Thus the important thing is the investment level, which in turn is largely determined by the yield on investments--after taxes.

But as if to counteract such investments, the government puts high taxes on yields, amounting to around 95 percent.

Foreign loans go primarily to finance consumption. The reason why Sweden still has little difficulty in obtaining loans is that our competitors on the loan market are countries like Poland, Brazil, Argentina and Denmark. Everything is relative.

6578

CSO: 3650/92

MINISTRY: MERCHANT MARINE DOWN BY 75 PERCENT IN EIGHT YEARS

Stockholm SVENSKA DAGBLADET in Swedish 22 Dec 82 p 2

[Text] Perhaps the most striking thing about Monday's meeting of shipping representatives with the minister of communications was that the shipping firms and the crews acted together in jointly demanding relief for their hard-pressed industry.

The bitter conflicts that existed earlier between them seem to have died down, which could be partly due to the fact that the Seamen's Union now has a less militant leadership. But the most important reason is undoubtedly that international shipping--and Swedish shipping along with it--is in a crisis that can be compared with that in the worst years of the depression in the 1930's.

In reality the weak shipping market has been in effect for a number of years, with little relief. For Sweden, this has resulted in a 75 percent reduction of the shipping fleet in the course of 8 years. The tonnage is now down to the same level as it was at the end of the 1940's.

In the last 5 years, the number of crewmen has been cut in half, from 26,000 to 13,000. At this time, unemployment among seamen is 15 percent, or five times higher than the average unemployment rate for all workers.

The negative development is not due to a poor market alone. In addition to that, Swedish shipping has lost market shares due to higher costs than in most of the competing nations. Swedish wages, state fees, tax conditions, manpower regulations and rules governing working hours are stiffer and more expensive than they are in other countries.

The shipping firms and crewmen are now asking among other things for an official report reducing the seamen's tax by 75 percent and social taxes by 25 percent. The demand can be partially justified by the unique working conditions of seamen. After all they spend a large part of their time outside Sweden.

But an even more important argument is that other shipping nations have already introduced similar special regulations for their seamen. It seems

reasonable to demand that Swedish shipping firms be given a chance to compete on equal terms.

If, as mentioned previously, the parties can also work out changes in manpower regulations, work hours, etc., Swedish shipping would be substantially strengthened. But it is ultimately through expertise and efficiency that the shipping firms can win out. They have a heritage that obliges them to do so.

6578

CSO: 3650/92

FINANCE MINISTER FELDT: WAGE-EARNER FUND TO BE REEXAMINED

'Doubtful' Proposal Ready by 1985

Stockholm DAGENS NYHETER in Swedish 24 Nov 82 p 6

[Article by Dick Ljungberg]

[Text] The technical construction of the wage-earner funds must be reviewed. It is doubtful whether we can arrive at a new fund proposal by the 1985 election. That statement was made by Finance Minister Kjell-Olof Feldt in an interview in the newspaper VECKANS AFFÄRER.

Feldt was chairman of the study group of the Social Democrats and the LO [Swedish Federation of Trade Unions] that issued the paper "The Labor Movement and the Wage-Earner Funds" in the winter of 1981. Both the party and the LO congresses adopted the main principles of the proposal that fall, and they still hold.

But one of the main principles, that the fund system shall involve some form of profit-sharing, has occasioned difficulties. This may now delay a final proposal concerning the design of the funds.

During the election campaign it was said in Social Democratic quarters that such a proposal could be presented in any case before the 1985 election. Olof Palme even went so far as to say that it was reasonable that a first election to the board of directors of the fund could be held in connection with the general election of 1985.

Justified

Now Feldt is saying that he thinks the criticism that has been voiced against the pending fund proposal is partially justified, and that it is doubtful whether a new proposal can be presented by the time of the 1985 election.

He cites in this connection a report that came out last summer, a review by the now disbanded wage-earner-fund commission of the critical points in the profit-sharing proposal.

One risk group is firms with a small capital base that are in an expansion phase and need high profits to be able to expand, Feldt says in VECKANS AFFÄRER. Our

proposal would hit such firms very hard.

The other critical point is that firms that because of market conditions have high earnings one year and may have losses the next are hit extra hard. On the average over a 10-year period they may actually be at the same level as firms that are never affected by a profit-sharing.

'Nothing New'

Per Olof Edin was one of the LO representatives on Feldt's study group on wage-earner funds. He is now employed under Feldt in the Ministry of Finance on the question. But up to now Edin has had to devote his time to working out the rules for the provisory share dividend tax and profit allocation for 1983.

As of Tuesday evening Edin had not talked with Feldt about the aforementioned interview in VECKANS AFFÄRER.

"But I believe it will be possible to present a proposal on wage-earner funds before the 1985 election," he told DAGENS NYHETER. "What Feldt said is nothing new. He described the difficulties in newspaper articles back in the spring, and this further underscores what we have always said, that we are open to discussion of the technical design of the funds."

Edin will now begin working seriously on the design of the wage-earner funds and a number of studies will be made on when the profit allocation shall apply, how the fund managements shall be set up, etc.

But the main principles laid down by the LO and party congresses remain:

- The financing of the wage-earner funds shall be based on a combination of profit-sharing and wage-based contributions.
- The funds shall be invested in viable industries. The capital will thus be placed where it produces a good yield.
- The funds shall counteract the concentration of power within the economy. That presupposes a fund management that is at once collective, democratic, and decentralized. The funds will give the employees of the firms where the funds are used an influence.

But when it came to the technical design and the schedule for implementing a proposal on wage-earner funds, the congresses gave the Social Democratic Party leadership a considerable freedom of action.

Industry Encouraged by 'Sobering Up'

Stockholm DAGENS NYHETER in Swedish 25 Nov 82 p 6

[Article by Mats Hallgren]

[Text] It was wrong of Kjell-Olof Feldt to come out in a newspaper interview with the statement that the proposal for wage-earner funds must be reworked and that a new proposal might be

delayed beyond the 1985 election. So says his Social Democratic critic. Feldt is on the right path, says business. But the threat remains.

"It is encouraging that the government has seized upon a part of industry's criticism of the wage-earner funds. But the danger remains as long as the basic principles of the wage-earner funds are unchanged."

So says Lars Nabseth, president of the Federation of Swedish Industries, in a comment on the changed position on wage-earner funds that Kjell-Olof Feldt expressed in the newspaper VECKANS AFFÄRER.

"There is a certain sobering up, but far from the basic change we want," says Lars Nabseth. "The principles of collective ownership, etc., remain, while in the economy we want dispersed ownership and more market-economy thinking."

Matts Carlgren, president of MoDo [expansion unknown], says:

"The retreat on the wage-earner fund question is going slowly, but it is encouraging that it is under way in spite of everything. But there is a good way to go before we get there, and get there we must if we are to get Sweden going. The wage-earner fund question is a real check block in the firm's investment plans. There must be a radically altered attitude before investments can get under way again," says Carlgren.

Cold Feet

"It looks as if the government were getting cold feet," says Electrolux president Hans Werthén. "The government has clearly declared that it wants to build on industry and stimulate industrial investments.

"The government seems to have realized that the plans for wage-earner funds cannot be reconciled with the aim of industrial growth.

"It often happens that theories look fine on paper but have a hard time later meeting the grim realities."

Paper Comments on Fund Proposal Changes

Stockholm DAGENS NYHETER in Swedish 25 Nov p 2

[Editorial by Nils-Eric Sandberg: "Feldt's New Funds"]

[Text] Does Kjell-Olof Feldt want to "redo the whole wage-earner fund proposal"? His statement in VECKANS AFFÄRER has been interpreted that way.

What Feldt says is exactly this, according to the text of the interview:

"The earlier model from our wage-earner fund report was exposed to a partially justified criticism, it seems to me, and so there is reason to check the whole scheme surrounding wage-earner funds and even look over other suggestions."

VECKANS AFFÄRER: "Can we say that you are beginning again from scratch with the wage-earner funds?"

Feldt: "Yes, as far as the choice of technique is concerned."

What is that? as Luther asks.

All proposals on "wage-earner funds" since the first Meidner report in 1975 have been based on a common principle: ownership and power in the firms shall be transferred to collective funds (without compensation). That is the common denominator, regardless of technical differences. The LO and the party have presented five different variants on that principle for a collective take-over since 1975. Each new proposal has invalidated the preceding one--but only by technical arguments. The leitmotif--the collective take-over--has not been altered or questioned by any study group.

Nor does Kjell-Olof Feldt do so in this interview. He only admits that the proposal that the party campaigned for the election on (and that was to set everything right in the economy) is technically unfeasible--like all the earlier ones. As an example of the criticism that the party is now unexpectedly willing to listen to, Feldt points to the warning that small businesses with little capital and great expansion would have their profits and power to grow entirely cut off by the profit-sharing. Firms greatly dependent on market conditions, which swing from profit to loss, are also hard hit by the profit-sharing, even if their profits over a whole market cycle are below the limit for profit-sharing. And so on.

The LO and SAP [Social Democratic Labor Party] congresses adopted the current proposal on wage-earner funds in 1981. The realization that it is technically unfeasible has only now come to Feldt.

But--it is thus only the technique that is wrong. Only that is to be "rechecked," for the seventh time.

That should not surprise anybody. Sweden still has a market economy in the sense that there are still small profit inducements in the firms and that the country still lacks a system for commandeering investments. (There is no third mechanism for control of resources--besides inducements and commandeering.) And it is impossible to wipe out the economic inducements by confiscation for collective funds without having a complete commandeering system. And the present constitution does not allow union funds to exercise public authority and the power of taxation. But the constitution can be changed--a Social Democratic election victory would suffice for that.

But Kjell-Olof Feldt does not indicate that the principle of a collective take-over is to be changed. The conclusion must be that it remains, regardless of what the technical revision leads to.

The firms are to be taken over by collective, union and/or politically controlled funds. The only uncertainty is when and how.

Will the technical review concern itself with the combined effect of wage-earner funds and the tax revision? The funds' share of profits makes it impossible to operate small businesses profitably as corporations. The tax revision's theoretical ban on acknowledgement of deficits makes it impossible to operate small businesses in any other form than the corporation.

Feldt also says that the tax rebate for share distributions in tax reserves will be completely abolished in 1984. He justifies this by saying that savings in the form of stock investments must be justified on their own merits, without tax incentives. Here Feldt ignores, surely not entirely unintentionally, the fact that savings in the form of stock investments are already more heavily taxed than any other form of savings.

Assume that conversely any increase in the value of works of art, postage stamps, antiques, etc., went 90 percent for taxes, while all distribution and reinvestment in stocks went tax-free. How would art dealers operate compared to the flow of capital into trade and industry?

Feldt considers that the firms should issue 3 to 4 billion kronor's worth of new stock annually, and at the same time should have a more marked owner responsibility. How can that be reconciled with a dividend tax that deprives private persons of any economic interest in owning stocks? For it is the private stockholders that can exercise a direct owner responsibility; only they have a direct interest in the profitability of the firms.

The money that the new dividend tax takes out of the firms is to be placed in a fifth AP-fund [expansion unknown], Feldt says. Exactly what profit interest will control the fund's investments?

8815

CSO: 3650/60

PARTNERSHIP WITH ERICSON AIDING FACIT FIRM

Stockholm SVENSKA DAGBLADET in Swedish 29 Dec 82 p 24

[Article by Ewa Hedlund]

[Text] Facit has come home. After the crisis in the late 1970's and 10 years of alienation in Electrolux, Facit has finally found a cooperative partner in the Ericson concern. With the facts in hand, SVENSKA DAGBLADET looks back on the events that shook the solid family firm in 1970-72. (Source: "Med Facit i Hand," published by OSTGOTA CORRESPONDENTEN.)

When the Ericson concern bought Facit this fall, the news was received gladly by the outside world. At last the company would be incorporated in a concern with the same direction as Facit.

Ten years ago, when Facit changed owners for the first time, people also drew a sigh of relief. After years of unrest and speculation, the future of the family company could be secured.

The history of Facit's rise and fall and its merger with Ericson goes back 50 years. To 1922, when Facit was created from a bankrupt firm.

Golden Calf

The newly-formed company was given the name of Nya Atvidabergs Industries and was headed by 35-year-old Elof Ericsson, the son of a smith. He gave the firm an international reputation. The cornerstone of the firm's expansion was a calculating machine which saw the light of day in 1932. It became the company's golden calf--but also its downfall.

From 1922 on, the firm grew steadily for 50 years. In the very first decade, the first foreign subsidiary was established. In the 1930's, the mechanical calculator with keys was a success.

New firms with new products were bought up. In the 1940's, the Goteborg company, Original-Odhner, was incorporated in the concern. Several plants

were started both in Sweden and abroad. Sales increased, as did profits. In 1952, sales exceeded 100 million kronor for the first time.

With the rise in sales, the number of employees rose as well. When the pattern of rising profits was broken at the end of the 1969/70 fiscal year, Facit was producing in 17 factories at 14 locations in Sweden. The firm was represented abroad by subsidiaries and agents in 130 countries. In all the concern had 14,000 employees.

Japanese Threat

But in the outside world, developments proceeded at an increasing pace. The American moon project, which gave electronic development a big boost, entered its final phase. The Japanese electronics threat was still a relatively unknown concept. After a trip to Japan in the 1960's, Facit director Gunnar Ericsson, Elof Ericsson's son, came home with gloomy news. He had discovered the threat from Japan and the main Japanese competitive advantages--low wages and extremely rapid development in the area of electronics. Where Facit had 100 people working on development, Sharp in Japan had 10,000.

Gunnar Ericsson's comment on the Japanese discovery was that no one in the entire world could compete with the Japanese.

The precision mechanics that lay behind Facit's international products resulted in labor costs making up 80 percent of the total and material costs making up 20 percent. With electronics, it was the other way around.

But the order books were still full and 80 percent of the products were exported.

In 1968, the "year of the revolution," people still looked at life with great confidence.

Sales in Billions

In 1969, sales exceeded 1 billion kronor for the first time. But that was the end of the gains. The management became more cautious in its forecasts for the future. On the development side, they worked at high speed to develop new products. But they had not yet taken the full step toward electronics. In the true plant spirit they wanted to proceed cautiously with the thought of the uncertain future. The management was afraid that a reorganization would have destructive consequences for personnel, production and sales.

Knockout

At the end of the first half of 1970, Gunnar Ericsson's brother-in-law, Lennart von Kantzow, became Facit's new executive director. And now the problems began in earnest. The year of 1971 started off with a market

slump and for the first time a hiring freeze was introduced. And suddenly the threat from Japan became a reality. The Japanese electronic calculators, which cost no more than 200 kronor, flooded onto the market.

Overnight they knocked out Facit's mechanical calculators, which called for a sales price of 3,000 kronor.

In March the demand for Facit's calculators was so low that the salesmen wanted production halted.

The first layoffs came after the vacation period that year. And in October came the forecast for 1971--minus 25 million. For the next 15 months, Facit would be front-page news in the nation's newspapers.

Power Struggle

And the company, which had been generous with information up to that point, closed up like a clam. But inside the shell, a power struggle was going on, which ended in Lennart von Kantzow having to leave after 1 year in the executive director position. He was replaced by Gunnar Agrell, former executive director of Addo, the company Facit bought in 1966.

A month after Lennart von Kantzow's departure, the management announced that the losses for 1971 would be twice as large as estimated--50 million kronor.

The beginning of 1972 was bleak--losses in the millions, 800 workers dismissed, the secretiveness over the executive director shift, a continued slump and no stock dividends.

In a desperate effort to find a solution, the management got in touch with the American consulting firm, McKinsey, which made a shocking recommendation after several months--fire 3,000 employees.

At the end of October, Gunnar Ericsson presented the company's plan--2,400 employees must go and the Stromstad and Goteborg factories would be shut down.

Change of Owners

But the board of directors never put this decision into effect. Three days later, Facit got a new owner, Electrolux. The sale was one of the fastest in the history of Swedish business life.

When the contract was signed, the Atvidaberg people plus all the others in Sweden and abroad who depended on Facit, drew a sigh of relief.

But the year preceding the sale strongly reflected the firm's dilemma with regard to electronic development. When the intrigues were unfolding chick

and fast behind closed boardroom doors, accusations rained down against the management which hesitated to take the full step toward the new technology.

Textbook Example

It is impossible to determine which factors were decisive in the Facit crisis. But the consequences of the crisis--with thousands of workers losing their jobs--and the resounding echo it sent through the business world made Facit a kind of alarm clock for business. And even today, Facit serves as a textbook example of how things can go when a firm does not keep up with technical developments.

Since the time of the crisis, Facit has made a number of successful attempts to get into new markets. Now they cooperate with other companies and let subcontractors in Southeast Asia and Japan manufacture electronic calculators, making it possible for Facit to make a comeback on the market where the crisis was the most acute.

Profitability has returned and when Facit becomes part of the Ericson concern at the beginning of next year, the firm will be supplied with some badly-needed technical knowledge in the electronics area. In exchange, Ericson Information System, EIS, with which Facit will cooperate primarily, will acquire a strong sales organization.

No big changes, of the kind that occurred in the Electrolux period, are planned.

"We should be more cost-effective together," said Hakan Ledin, executive director of EIS, who will also have the same title at Facit after the beginning of the year. EIS will also gain through Facit an expanded marketing capacity and competence.

"And that is the key to success in this area," said Hakan Ledin.

All those concerned profess to be satisfied with the deal. Facit, which for a decade has been a foreign bird in the Electrolux cage, has now found a place where it belongs.

Ericsson: Could Have Done Better

"Of course we could have done better, that must be admitted now that we have the facts in hand." That was Gunnar Ericsson's comment on the Facit crisis after 10 years.

Gunnar Ericsson is the son of Facit's founder. He served as executive director of the firm for 12 years and after that as chairman of the board.

In a newly-published book on the history of Facit, "Med Facit i Hand," he looks back at the course of events that forced him to sell the family business.

Inadequate Resources

One of Gunnar Ericsson's explanations of the crisis is that the firm's stockholder constellation at the time did not provide adequate resources for research and development.

"We were working on interesting new areas, but did not have enough experience and the products we created took too long to bring out, were too expensive and did not perform well enough."

Gunnar Ericsson tried hard to pursue his father's ambitions and in the book he shoulders a large part of the responsibility for the failure of the family firm to ride out the crisis.

"The storm clouds really started gathering as early as 1958. At that time the Japanese had succeeded in making our products at half the price."

Mistake

When the crisis was upon them, the management made a mistake in not following the advice in the American McKinsey report, which recommended closing factories and firing 3,000 workers.

"That would have required a very capable executive director. We were on the lookout for one, but could not get the one we wanted. But the management had no control over the fundamental factor that brought Facit down," Gunnar Ericsson said.

"I seem to detect some agreement that it was the international situation that was the main reason for things going as they did."

And today Gunnar Ericsson describes the course of events, with Electrolux as the new owner and the sale to the Ericson concern, in positive terms.

"Now that we can see the results of the 1970's as a whole, one must confess that what happened in 1971 was the best thing for Atvidaberg, the stockholders and, most of all, the workers. And I think it is very good that Ericson has now bought Facit."

6578

CSO: 3650/91

SEE MANAGEMENT CRISIS ANALYZED

Istanbul MILLIYET in Turkish 15 Dec 82 p 2

[Article by Professor Dr Latif Cakici, Chairman, Business Management Department of Ankara University's Faculty of Political Science: "SEE's Management Problems"]

[Text] The biggest and most serious of the State Economic Enterprises [SEE]'s problems are in management rather than structure and legality.

Ever since the SEE's were established they have performed a great task in the balanced development of our economy in providing society with goods and services of high quality at given prices, but they have almost always had big management problems.

In that case, what are the foremost management problems and the ways to resolve them?

Coordination: Modern management dictates that production, wage, hiring, investment and financing policies in business all be dealt with together in one coordinated endeavor to permit the most efficient and advantageous production and sale of goods and services possible, in which the goal of every enterprise, whatever sector it may be in, is to earn a profit.

The SEE's, however, also have goals such as to provide society goods and services cheaply, to preserve economic stability and to contribute to balanced development. One cannot, for this reason, weigh all of the SEE's on the same scales. It is better to set the SEE's which produce basic goods and services on one side of the scales, reserving the other for those SEE's which produce similar goods and services under market conditions. Only if this is the case is it possible for the SEE's to operate in accordance with commercial principles in the economic arena geared to the principles of business management.

Production Planning: It is necessary first of all in any business contemplating operation according to the principles of productivity and profitability that it have production planning and policy in the field of its endeavor.

Personnel: Another important matter is the criticism of overstaffing in the SEE's. In order to make an objective assessment of this, a matter extensively debated among the public, it is necessary first of all to establish a staffing norm for the SEE's. We believe that this requires priority in reorganizational efforts.

However, while there is an excess of unskilled personnel in many places in the SEE's under present circumstances, there is a shortage of qualified personnel in the positions where they are needed. Governments must simply cease to look upon the SEE's as a means of eliminating unemployment as they have done to date.

Hiring: A close relation of hiring policy is wage policy. As known, in addition to international wage differences today, there are also quite significant differences between those personnel within the same organization who are subject to the civil service law and those in worker status who are paid according to collective contracts.

Since each of the SEE's is a business producing goods and services, everyone employed in these establishments should be subject to the same rules but definitely considered outside civil service status, and work rules and salaries should be revised.

Investment Policies: SEE's are assigned the task of carrying out the investments which the councils of power decide are necessary for development, but, although the enterprises of this type obviously cannot operate according to the rules of commerce, the SEE's in the second group are also unable to make any investment decisions on their own, the projects in which they do decide to invest are not given priority and they are forced to start out on projects without proper financing. The SAN [expansion unknown]-type establishments are a case in point.

Financing: Administrators say that the enterprises are set up so that anything to do with financing is outside their organizations, that they have no influence over the components of their costs, that they are given investment tasks but no financing is provided and that they are frequently left high and dry. These complaints all center around the problem of "financing."

It is necessary in approaching and seeking solutions to the financing problem to pay attention first of all to the costs of the goods and services produced. As known, the inputs that play an important role in costs are raw and auxiliary materials, amortization and labor. The support prices imposed by the governments in the procurement of raw materials, the exclusion of market factors from prices in the procurement of semi-manufactured and auxiliary materials, payments to workers and civil servants owing to over-staffing, high rentals and financing outlays devoid of any economic rules are all factors that raise production costs, while the prices of the goods and services produced are set arbitrarily by governments influenced by a variety of factors, and this runs the SEE's increasingly into the red. (This was 100-percent true up until the time of the 24 January measures, but may have been reduced to only 50 percent in the past 2 years.) Furthermore, keeping the prices of SEE products high reduces demand for those in monopoly status and runs up financing outlays and, eventually, losses owing to overstocked inventories for those in competitive status.

In sum, it is seen that as a result of the failure of the state economic enterprises to act, in practice, in accord with the rules of a business economy, their financing policies are also deficient.

Conclusion

Indeed, just the few problems of the SEE's that I have tried to explain so far make the application of management principles rather than legislation necessary for the solution of them.

If it is made possible in running the SEE's for them to have good administration with continuity, to have the freedom to make operational decisions and to apply modern management principles without any kind of political interference, if care is taken in the implementation of this and if the final operational results are evaluated and monitored objectively, these enterprises which are indispensable to our economy can become modern businesses operating according to the rules of profitability and productivity.

But if, as in the past, the SEE's are reorganized without implementing scientific management principles of administration, operation and oversight, I am afraid that no matter what legal and structural changes are made it will be impossible to change the end result.

8349

CSO: 3554/89

SOYSAL DISCUSSES NEED FOR TURK-IS SOLIDARITY

Istanbul MILLIYET in Turkish 15 Dec 82 p 2

[Article by Muntuz Soysal: "Solidarity"]

[Text] When the International Confederation of Free Trade Unions "made the scene" in Ankara in the form of a contingent of its top administrators, it provided a good opportunity for in-depth thinking on our own unionism.

This international confederation, as its name implies, is an organization that claims to represent the workers of the "free world" as opposed to the communist world. Its emergence, at any rate, goes back to 1949 when the Marshall Plan drove the final spike in East-West polarization. American unions at that time were tucking up their sleeves to unite the labor organizations that had taken the front against the communist parties, in Western Europe in particular, and they brought into being this organization which eventually was to supersede them.

The fact is, this confederation, known by its initials ICFTU, has now, today, thrown off its narrow views of the cold war years and has become one of the most powerful organizations of world unionism outside the East Bloc.

It was thought, at first glance, that the friction to date between the ICFTU and TURK-IS [Turkish Confederation of Labor] was over the Side incident. Everyone now knows that a more general dissatisfaction lies behind it: the ICFTU is not happy with TURK-IS' behavior of recent years.

More correctly, the two are interdependent in ICFTU's eyes -- the Side incident and TURK-IS' general attitude.

Why?

First of all, let us not forget this: unionism, no matter what kind of unionism, is for the protection of the interests of the worker through worker solidarity. This is one aspect common to all. Differences and different types of unionism seen in various countries come about only after this common feature. There is British unionism which takes shape in the body of a labor party in parliament, there is Christian unionism which contends that the ecclesiastical values of society must be sustained, there is anarchist unionism which aims at overthrowing the system through the power of the union, there is Marxist unionism which

desires to change the order through social action, there is American unionism which advocates an above-party policy. All of them, no matter which type of unionism they adopt as a model for political behavior, agree on the fundamental feature at the starting-point of unionism: to protect the interests of the worker by means of worker solidarity.

One thing only there is that this fundamental feature does not forgive: Seeking different affiliations, claiming that the interests of the worker can be better protected by other means than worker solidarity, and taking from the other side of the bargaining table what could be achieved through solidarity. Let Side say as much as he wants that "my position as Minister of Social Security has provided countless benefits to TURK-IS and Turkish workers," not even ICFTU unionism, considered the most lenient among the various types of unionism, will condone it.

What is worse is that this confederation and the rank and file of affiliated unions in various countries see Side's position as identical with TURK-IS' general attitude and even symbolic of it. The visiting leaders are reflecting the reaction of their memberships, the rank and file close to public opinion in the nations of the Western world.

This point is clear: It will not be sufficient to get Turkish unionism back into the ICFTU fold either for Side to turn his position as general secretary into a "leave of absence" run by deputation or for TURK-IS to say, "We did what was necessary under these circumstances and we got the draft constitution improved."

Two things have now become unavoidable:

One, that Side break off his ties with TURK-IS in so certain a fashion as to prevent any doubt and discontinue once and for all the damage he is doing TURK-IS' image.

Two, in formulating a labor system that will be established under the new constitution, that TURK-IS pursue a more effective policy to prevent large reversals, offering an example of tighter solidarity among all Turkish workers.

Only then can international solidarity arrive.

8349

CSO: 3554/89

INTEREST RATES REVISED, SPLIT REACTIONS GIVEN

Central Bank Communique

Istanbul CUMHURİYET in Turkish 16 Dec 82 pp 1, 11

[Text] Ankara (CUMHURİYET BUREAU) -- Following the redesignation of interest rates by the nine large banks, the Central Bank published an "interest communique" yesterday which sets gross interest at 34 percent on time savings deposits of 6 months to 1 year with interest paid monthly and 38 percent on 1-year savings deposits with interest paid monthly. On certificates of deposit, 45 percent gross interest will be paid on 1-year accounts. Furthermore, advance interest payments by the banks are discontinued according to the Central Bank communique.

The Central Bank published the interest communique in the RESMI GAZETE yesterday in accord with decisions adopted at the meeting of the nine leading banks. According to the Central Bank communique, gross interest on demand deposits will be 20 percent, 40 percent on time savings deposits of 6 months to 1 year and 45 percent on time deposits of 1 year (inclusive). Savings on which interest is paid monthly will receive 34 percent on 6-month to 1-year accounts and 38 percent on 1-year accounts. One-year certificates of deposit will get 45 percent interest when payable at term and 38 percent if interest is paid monthly.

According to the banks' decisions, no interest will be paid on commercial and official deposits, but accounts opened at the banks by cooperatives as well as the Social Insurance Organization, the Retirement Fund and the Independent Social Security Association will be treated as savings deposits and interest will be paid on them. The Central Bank communique calls for deregulated interest on interbank deposits and 20 percent interest on other deposit accounts.

The communique also announces credit interest rates as follows: 31.5 percent on short-term export credits up to 2 years, 36 percent on other short-term credits, 31.5 percent on credit for tobacco financing. On medium-term credits up to 5 years with 2-year grace period, 29 percent for guaranteed export investments based on incentive certificates and 38 percent for other medium-term credits. For long-maturity credits in excess of 5 years with 2-year grace period, 41 percent interest will be paid.

The Central Bank communique reports other regulations to be applied by the banks as follows:

--Banks will not accept time deposits with longer maturity than 1 year.

--For time savings currently on deposit at the banks, former interest rates will apply until maturity.

--Banks will be required to show gross interest rates in their advertising and promotions.

--Prepayment of interest on deposits will not be permitted.

--Certificates of deposit will not be traded except by banks and no brokerage fee will be charged; gross interest will be stated on the certificate.

--Banks will not offer gifts to their customers.

--Banks will comply with decisions adopted and to be adopted by the Union of Banks in advertising matters.

Yesterday's Central Bank communique further states that interest rates on credits opened on the basis of incentive certificates prior to 1 July 1980 will not change until maturity.

The Central Bank's communique will become effective as of 1 January.

Reaction to New Rates

Istanbul CUMHURİYET in Turkish 16 Dec 82 pp 1, 11

[Text] ECONOMIC SERVICE -- The arrangements backing up the banks' agreement on interest rates bring a negative reaction from industrialists and businessmen, while bankers are seen to have a different view.

Nurullah Gezgin, board chairman of the Istanbul Chamber of Industry [ICI], contending that the decisions are such as to "push small banks to the bottom of the heap while pampering the large ones," says, "Restricting oversight and penalty enforcements in banking practices to high interest rates alone while failing to take other abuses into account will be inadequate in my opinion and current complaints will continue." Gezgin also criticized the failure to introduce any measure to bring down the cost of credit.

Istanbul Chamber of Commerce [ICC] board chairman Nuh Kusculu assessed the new regulations on interest rates saying, "It looks overall as if these arrangements will produce some breathing space for certain banks." Indicating that the revisions were not what was expected and contained not the slightest element to reduce costs to credit users, Kusculu continued:

"Basically what we expected was measures to solve the problems in the financial sector. Among them would be such things as close control of the banks, regulating relations between the banks and their shareholders, deposit insurance, elimination of fund blocking in commercial deposits and providing for the banks to work productively toward the goal."

Stating that the new arrangements do not jibe with the market economy concept, Kusculu said, "These arrangements do not make it easier for credit users, but impose an additional interest burden of around 3 percent." Kusculu noted also that if deposit interest goes below the expected rate of inflation, deposits may lose ground to other areas.

Halit Narin, TISK [Turkish Confederation of Employer Unions] board chairman, described the new regulations as a "salvage operation for the banks" and said, "We may now proclaim 1982 the year of the banks and brokers. 1983, God willing, will be the year of auspicious measures for the economy and industry. After that, we can expect a salvage operation for the economy." Stating that the new regulations would "not be profitable for the credit user, but for the banks that offer it for use," Narin asserted that it would be the large banks that would get a breather with these arrangements.

Bankers' Comments

On the banking front, meanwhile, it is seen that banking authorities, especially those party to the agreement, tend to have no comment "for the moment." One banker who did express a view, General Director Erol Aksoy of the International Industrial and Commercial Bank, said in a statement to the TURKISH NEWS AGENCY that the new decisions made no significant changes, adding:

"We regret the large banks' failure to approve interest payments on official and commercial deposits. Unless interest is paid on official and commercial deposits, it is impossible to know who is operating profitably and who is not.

"Both the restriction on advertising and these newly-adopted decisions are detrimental to the banks trying to provide good service to the industrialist and to operate profitably."

Construction and Credit Bank General Director Tuncay Artun said in connection with the newly-adopted decisions that they were "the first serious step in the interest area since the 24 January decisions went into effect." Adding that the biggest drawback in post-24 January interest regulation had been all the attention paid time accounts while completely ignoring the build-up of demand accounts, Tuncay Artun said in summary:

"As a natural result of the old regulations, the share in total deposits of time accounts rose to 65 percent. As a consequence, interest costs rose to significant proportions. And commercial companies and industrialists were gradually affected by it. The rising burden of credit costs turned inflated demand into inflated costs. To bring down their interest costs, banks had to increase their demand savings deposits.

"In the long run, the new decisions will gradually reduce the banks' interest costs, and credit costs may also start a downward trend."

TISK Board Chairman Halit Narin said, "It looks as if the regulations will help the banks, not the credit users," while ICI Chairman Nurullah Gezgin said, "This regulation is one drawn up with the large banks in mind."

Narin said that the regulation was structured "to procure profits for the banks that offer credit for use, not for the credit users," continuing:

"There was an expectation that interest would be instituted for commercial deposits also. We believe this regulation, months in the coming, will make only a small contribution to the troubles of the business world."

ICI Board Chairman Nurullah Gezgin stressed these views in his statement:

"Are the new interest rates, and especially the 20 percent on demand deposits, going to create some such result as shifting savings from time to demand deposits and, therefore, into consumption?

"To make changes at this stage from the standpoint of deposits alone without thinking about credit is an inadequate approach, the goal of which is unclear."

Nurullah Gezgin then argued that the decisions were "such as to push the small banks to the bottom of the heap while pampering the large ones." "Restricting oversight and penalty enforcements in banking practices to high interest rates alone, failing to take other abuses into account, will be inadequate in my opinion and current complaints will continue," he said.

Impact of New Regulation

Istanbul CUMHURIYET in Turkish 16 Dec 82 pp 1, 11

[Article by Yalcin Dogan: "Banks Are Saved"]

[Text] While wrangling over ups and downs, things that fall and rise, contract and expand or worsen and improve, the banks suddenly came up with an extra fund of approximately 50 billion liras. All they did was revise interest rates and they have 50 billion liras for the banking system. The "pay-off" for these arguments that everyone was watching for days was a nice, round 50 billion liras... And how much did the banking system gain as the result of income-tax revisions that no one paid any attention to? That came to 300 billion (yes, three hundred billion) liras in all. So the "operation to salvage the banks" ended up procuring a total of 350 billion liras in extra income.

In fact, the idea of "reducing costs" was hovering for a long time behind the argument over reducing interest rates. Credit interest was high because interest rates were high and investments in the economy fell off as a result. If interest rates fell, the cost of interest paid on credit would decline also and, in this way, economic revival could occur. And this was a crucial point of the whole thing. However, according to the decision announced day before yesterday, there was no change at all in the interest rates on credits for business, trade and industry. It therefore seems a remote possibility to expect any new development toward economic revival for the time being.

Interest rates fell. So what happens now? According to the latest available figures, the total of time savings deposits in the banking system is 1.25 trillion liras. Interest on time deposits was reduced. The banks will pay less

interest on time deposits. Thus they will have some relief from the time deposit burden. All banks included, this represents some 100 billion liras of relief. But, on the other hand, interest on demand deposits went up. The total of demand deposits in all the banks is around 260 billion liras. The interest burden on this went up. The increased burden is nearly 50 billion liras. If we put the reduced interest on time deposits alongside the increased interest on demand deposits, one has a gain of 100 billion liras and the other, a loss of 50 billion liras. This gives the banks extra earnings of 50 billion liras from the new "interest operation."

The situation as far as the public is concerned is this: Anyone with savings in a time account suffers a net loss of 1.5 points, but shifts to a fairly profitable status in a demand account. Opening a demand savings account seems more attractive after the new adjustment.

For the industrialist and tradesman: No change. Industrialists, tradesmen or other employers will pay the same interest now as they did before on credit they get from the banks. There is nothing new on credit interest in the new regulations.

One fact emerges in the list summarized here: All this debate has helped only the banks. "Why the banks?" It will serve here to quote Minister of Finance Adnan Baser Kafaoglu at the bankers' meeting:

"The banks are being crushed under the heavy interest burden. The heavy burden has brought the banks to a very precarious position today. Banks that were making a profit in 1981 -- a profit of approximately 50 billion liras -- have forgotten what profit is in 1982. Salvaging the banks is an economic priority. Let the banks have some relief, and the industrialist, the tradesman and the economy in general can have some relief, too. I believe that after a given time the banks' relief will reflect on the business world also."

To what degree will Finance Minister Kafaoglu's prediction prove true? Time will tell. But there is one point I would like to add here. A very important point. The "bank salvage operation" did not stop at reducing interest rates alone.

A change in the income tax comes after the decision on interest. According to article 96 of the law in question, the banks had to pay taxes at the end of the year on the interest for which they were committed though it was not yet due. This tax will no longer be paid as a result of the projected amendment. Lifting this kind of obligation from the standpoint of total deposits will give the banks another extra fund of 300 billion liras all told. The dimensions of the income tax amendment under consideration, therefore, are far more extensive than the interest regulation.

The outcome of the two decisions is that the banks are being "relieved," to use Finance Minister Kafaoglu's term, to a very great extent. The important thing is that this "relief" carry over to the economy. Will this carry-over occur? This, probably, is the fundamental question. It is up to the banks to focus in on the stress point...

Impact on Industry

Istanbul CUMHURİYET in Turkish 16 Dec 82 pp 1, 11

[Article by Osman Ulagay: "Industrialists Cannot Rejoice"]

[Text] The recent agreement on interest among the nine leading banks and the communique and decisions backing it up put smiles on the faces of certain large banks. The banks that wanted conditions of true competition to become the rule in the banking system, including some signatories to the agreement, failed to get all they were hoping for. The industrialists, expecting a radical revision of the banking system and a reduction, albeit slight, in credit interest, found their hopes completely dashed.

While this first package on banks and interest rates contains not a one of the broad measures that would straighten out the banking system, the failure to include even measures such as combining commercial deposits and credit accounts in one account and paying interest on it has led to the comment, "The mountain labored and brought forth a mouse." Leaving broader bank revision until the new year was also a negative development to those who contend that these revisions should be made before interest-rate revisions.

It is suggested that requiring banks of different sizes having a wide range of cost structures to pay the same interest is "an unrealistic requirement." Some banks have been trying to stay afloat by paying different interest rates and some have used a variety of methods of paying interest on commercial deposits, and there is concern over what they will do now.

On the other side of the coin, it is suggested that credit will cost around 3 percent more as a result of the revisions. This, at any rate, does not come as "glad tidings" to industrialists who have steadily complained of "the high cost of credit."

It seems possible to summarize as follows the major elements of the accord reached between the government and banks and its probable consequences:

--Changing the definition of time deposits to include time deposits of 6 months and more duration and reducing the gross interest paid on time deposits by 5 points annually and 10 points biannually bear importance in lightening the banks' interest load. When one recalls that the banks now have more than 1 trillion liras in time deposits, the importance of this 5-10 point reduction is better understood.

--The government's reduction of tax withholding on deposit interest from 25 percent to 20 percent is intended to reduce to a minimum the impact on the saver of lower gross deposit interest. It is hoped in this way to keep net interest on savings at least on a par with inflation and prevent their being shifted to other areas.

--The banks' agreeing to pay what could be considered a reasonable interest at most on demand savings deposits amounts to their taking a portion of what they save by reducing the gross interest on time deposits and giving it to demand deposits. It is understood, however, that the banks, figuring that they now have around 260 billion liras in demand savings deposits with little likelihood of a great leap in this type of deposits at the present economic conjuncture, agree to the government's demand in this regard. T' is also created a new means of holding on to the demand money in the banks.

--Some banks that conceded the point on demand savings deposits are understood to have insisted on keeping commercial deposits interest-free in exchange. Thus the banks have both been saved an additional interest load and acquired the means to continue the deposit blocking that has begun taking up ever more entries in their income columns. It appears from the agreement that the efforts of such banks as the Agricultural Bank which make extensive use of official deposits to keep this type of deposits interest-free were successful.

--New penalties imposed as regards compliance with the newly-set interest rates go beyond exhorting administrators of banks consistently ignoring the gentlemen's agreement to strict behavior. It would seem that the agreement's failure to allow a few points' extra interest to the small banks that are at a disadvantage as to the image of security and size would leave these banks facing some hard choices.

--The agreement reached between the government and the banks does not seem to have done anything new for the credit customer complaining about the high cost of credit. It seems impossible for the credit customer, unable to escape deposit blockage, to get any reduction worth mentioning in credit interest rates either. The few points' reduction that may occur in the banks' cost of resources is not expected to carry over to credit interest.

8349

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PRE-ELECTORAL MOVES TAKE PLACE IN VARIOUS SECTORS

Alleged Police Activities

Nicosia O AGON in Greek 18 Dec 82 p 1

[Excerpts] Interior and Defense Minister Veniamin ordered yesterday an investigation against all policemen and civil servants accused of participating in the Democratic Party [DIKO]-AKEL election campaign and of forcing persons to change their political ideology by using, in some cases, the method of threat.

Veniamin appointed yesterday Policy Deputy Chief Fanis Dimitriou to head the investigation and to submit a report on its results. A policeman or civil servant will be prosecuted if his guilt is established. Yesterday also, Veniamin gave to the Chief of Police the names of all policemen and civil servants accused of blackmail as well as all the information given to him by the Democratic Rally [DISY] and the United Democratic Union of the Center [EDIK]. DISY, moreover, submitted to the Committee for Interior Affairs photographs of state employees who, according to charges, are forcing persons to change party affiliation. Among those being investigated are police and civil service cadres.

Veniamin has appointed in all districts committees which will take action on all charges brought to their attention by parties during the pre-election campaign.

Small Parties' Vote

Nicosia I ELEVETHEROTYPIA in Greek 19 Dec 82 p 8

[Text] The phenomenon of the lost vote should not be repeated. This appeal is made to all those who in the last parliamentary elections voted for candidates of small parties by Stefis Stefanou, a known Famagusta entrepreneur and candidate of the Youth of the Democratic Front [NEDIPA] for parliament. In a written statement he announced that he will support Kyprianou's candidacy for president.

Stefanou's decision is of particular significance and demonstrates the correct course to all those who in the last elections voted, for one reason or another, for candidates of small parties. Perhaps in the case of those parliamentary

elections the phenomenon of the lost vote [for small party candidates] may not have had a definite, negative and undermining effect on the democratic forces. But if its repeated in the presidential election it will have a significantly beneficial result for DISY. Of course, the figures indicate that the election of President Kyprianou will not be affected by the vote of those who supported the small parties in the parliamentary elections. Yet, this time the lost vote will strengthen Kliridis and his party as well as political manipulations. The Stefanou message, given with political courage and responsibility, should be understood by all those who in the recent parliamentary elections were on the side of the small parties. The phenomenon of the lost vote should not be repeated.

Social Security Allowances

Nicosia 0 AGON in Greek 17 Dec 82 p 10

[Excerpt] The Ministerial Council approved at its meeting yesterday draft amendments and regulations on social insurances and authorized the minister of labor and social insurances to introduce them in the House of Representatives. The major changes concerning the social insurances are:

- a. An increase in allowances. Specifically, the basic allowances are increased by 40 percent and the supplementary allowances by 5 percent. In the case of pensions the above allowances also cover the 13th [monthly] pension as instituted in 1983.
- b. An increase of the weekly amount of the basic insurable allowances from 14 to 19 pounds and 600 mils per week. Also, an increase of the maximum insurable allowances from 84 pounds per week or 364 pounds per month to 118 and 510 pounds, respectively.
- c. An increase by 50 percent of the amount the government contributes to the Insurance Fund for national guards.
- d. Extension of the motherhood allowance to self-employed persons and reduction of their waiting period for sick allowance from 30 to 18 days and in the case of accidents from 30 to 3 days.
- e. A decrease in the miners' age limit for pension.

7520

CSO: 3521/140

PAME ACCUSES AKEL OF CONDUCTING CAMPAIGN OF LIES

PAME Announcement

Nicosia TA NEA in Greek 21 Dec 82 p 8

[Excerpts] The Pan-Cyprian Restorative Front [PAME] issued yesterday the following announcement:

"Nine whole days after the triumphant success of PAME's First Congress, the two parties of Alliance [the Democratic Party [DIKO] and AKEL] began a coordinated and planned attack against both the Congress and the party's policy as well as against PAME's leader Khr. SOFIANOS.

"Political criticisms and disagreements in a democratic state are legitimate and necessary. But what the Alliance's newspapers and particularly AKEL's KHARAVGI are publishing are not only political mythology but constitute as well a political dishonesty of first magnitude.

"The Alliance and especially AKEL are using against us their last card. Having failed miserably with their threats, blackmails, persecutions and mud-slingings they hurled for months before and immediately after our congress, they are now increasing their attack still in unacceptable ways such as are their monstrous lies and dishonorable attacks against PAME.

"We ask them to come to their senses even at this last moment because their tactics not only deny them the right that they are concerned about Cyprus, but lead to disaster with mathematical precision."

AKEL Appeals for Unity

Nicosia KHARAVGI in Greek 22 Dec 82 p 1

[Text] AKEL's Press Office issued the following announcement:

"There exists an indisputable fact: Cyprus' salvation from the claws of those who prepare and materialize plans against it and from those who serve them depends on the Democratic Cooperation. [Alliance] Loyal, democratic voters are becoming more and more aware of this fact. Among them are many PAME followers.

"Reacting unpsychologically to this fact, PAME's leadership is mouthing an abundance of insults against AKEL. The KYPRIAKI [newspaper] is doing the same thing for weeks now. We ignore their insults. Now as in the past, we do not use insults and mud slinging against PAME as its announcement claims. We appealed to all citizens, to every democratic and patriotic Cypriot to close up the ranks of democratic unity. We believe that the insults against AKEL are fired off under a state of confusion and, in any case, they do not serve anything.

"We are convinced that the PAME democratic, patriotic voters do not agree in any way [with its announcement]. The loyal PAME voters understand that the only way to obstruct the march of the Alliance is to close up the ranks of the Democratic Cooperation. Today the issue does not concern a partisan or personal preference. Today we are fighting for the salvation of Cyprus. The doors of the Alliance are open to all those who believe in this objective. And we are certain that all those who vote PAME believe in it and are already joining the Alliance."

7520

CSO: 3521/142

POLL SHOWS GAINS BY BOTH CONSERVATIVE PARTY, SOCIAL DEMOCRATIC PARTY

Copenhagen BERLINGSKE TIDENDE in Danish 5 Dec 82 p 9

[Article by Lisbeth Knudsen]

[Text] The two parties in dispute on the missile issue, Prime Minister Poul Schluter (Conservative Party) and former Prime Minister Anker Jørgensen (Social Democratic Party) would both have possibilities of winning the election if the dispute on the missile issue, which is on the agenda in the Folketing, should next Tuesday result in a general election.

According to the opinion poll taken by the Gallup Institute, the leader of the Conservative Party would obtain 14 seats for his party in the election, and the leader of the Social Democratic Party would gain 5 seats. However, the election would seriously hurt the coalition parties of the Conservative Party in the Folketing. The other government parties, the Radical Liberal Party and the Progressive Party would lose a total of 16 seats in an election, while the left wing, the Socialist People's Party and the Socialist Left Party, would lose 3 seats only.

If the Gallup poll became the result of a general election now, it would make the political majority combinations even more complicated than today. The government parties would no longer have a clear majority together with the Progressive Party and the Radical Liberal Party. Only a direct cooperation with the Social Democratic Party or votes from the Greenland and Faroese seats would ensure a majority. Nor would the Social Democratic Party have a majority together with the parties of the left wing only. A majority would require the cooperation of one or several of the nonsocialist parties. With their 64 and 40 seats, respectively, only the Social Democratic Party and the Conservative Party would together have a comfortable majority. Incidentally, the Gallup poll today puts the Radical Liberal Party, the Christian People's Party, and the Socialist Left Party close to the minimum percentage of votes cast required for representation in the Folketing.

	Gallup Poll	Folketing Now
Social Democratic Party	64	59
Radical Liberal Party	5	9
Conservative Party	40	26
Socialist People's Party	19	21
Center Democrats	9	15
Christian People's Party	4	4
Liberal Party	19	20
Socialist Left Party	4	5
Progressive Party	11	15
Independent	0	1

POLITICAL INDEX

Question: Which Party Would You Vote for if a General Election Should Take Place Tomorrow?

Period in which poll was taken:
6 November - 21 November 1982

	8 Dec 1981	May 1982	June 1982	Aug 1982	Sep 1982	Oct 1982	Nov 1982
	%	%	%	%	%	%	%
Social Democratic Party ...	32.9	30.9	32.5	32.6	33.9	32.5	35.8
Radical Liberal Party	5.1	3.8	4.4	4.4	4.2	3.0	3.0
Conservative Party	14.5	14.8	16.1	15.2	19.3	22.6	22.0
Single-Tax Party	1.4	-	-	-	-	-	-
Socialist People's Party ..	11.3	12.7	12.2	11.5	11.4	11.6	10.8
Int. Soc. Workers' Party ..	0.1	-	-	-	-	-	-
Communist Party	1.1	-	-	-	-	-	-
Center Democrats	8.3	10.3	7.8	7.1	5.6	5.8	5.2
Christian People's Party ..	2.3	2.2	2.4	2.1	2.2	2.7	2.3
Communist Workers' Party ..	0.1	-	-	-	-	-	-
Liberal Party	11.3	11.7	9.7	11.9	10.8	10.3	10.5
Socialist Left Party	2.7	2.3	3.2	2.5	2.8	2.2	2.1
Progressive Party	8.9	8.5	9.1	9.4	7.5	6.7	5.8
Other parties*)	-	2.8	2.6	3.3	2.3	2.6	2.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*) Parties with less than 2 percent of the vote

Reprinting subject: Indication of Gallup Institute and BERLINGSKE TIDENDE as sources.

7262

CSO: 3613/36

PRESIDENT KOIVISTO DEFENDS SORSA AGAINST SKDL IN SHAKEUP

Helsinki HUFVUDSTADSBLADET in Swedish 2 Jan 83 p 1

[Text] President Mauno Koivisto hopes that the brief cabinet crisis will not leave "any deep wounds." He pointed out in his New Year's speech that there have been divided opinions about the level of defense appropriations before and that the differences will probably remain in the future as well.

In his commentary on the quickly resolved cabinet crisis, there was a hint of an effort to smooth things over. He pointed out that in its proposals, the government ran into difficulties with the parliamentary defense committee's recommendations and that the national treaties in force do not include any clear requirements as to the level of defense appropriations.

According to Koivisto, however, it must be taken for granted "that the country must have defense capability."

In his speech to the nation, the president expressed concern over the fact that no change for the better in the world situation could be noted during the past year.

But he expressed confidence in the disarmament negotiations underway between the superpowers in Geneva, feeling that those talks show that the superpowers are seriously trying to push developments in a positive direction.

The president emphasized that the situation in Northern Europe is peaceful and stable despite increased international political and military interest in the region and that this situation is due in large part to the absence of nuclear weapons.

The president stressed that the absence of nuclear weapons is in everyone's interest, and to guarantee it, Finland is continuing to work for the establishment of a nuclear-free zone in Scandinavia.

Koivisto also said that Finland's position in international politics is clear and that the country can therefore try to promote peaceable agreements in larger international contexts as well--that is, above all, in connection with the follow-up to the CSCE now taking place in Madrid. He also mentioned with satisfaction his own meeting with the new Soviet leader, Yuriy Andropov.

Concerning the situation in Finland, Koivisto feels that unemployment is a big problem, even though the Finns are one of the world's privileged groups from the material standpoint.

Koivisto predicted that the big changes in the economic structure would continue and that today's young people should be prepared to regard the changing of occupations as an ordinary occurrence. He also felt that perhaps the unemployment situation among young people has been painted in unnecessarily somber colors. It has been found that they do not remain unemployed as long as older Finns do.

11798

CSO: 3650/93

PAPER SATISFIED WITH SOLUTION TO CABINET CRISIS

Helsinki HUFVUDSTADSBLADET in Swedish 2 Jan 83 p 2

[Editorial by Jan-Magnus Jansson: "Happy Ending"]

[Text] In today's editorial, Jan-Magnus Jansson comments on the solution to the cabinet crisis. The crisis was discussed in greater detail in HUFVUDSTADSBLADET's editorial on 30 December.

The cabinet crisis has been solved quickly and, considering the circumstances, satisfactorily. The point goes to Prime Minister Kalevi Sorsa, who resolutely preserved both his authority and sound parliamentary government. In doing so, he received unreserved support from both of the other coalition parties: the Center Party and the Swedish People's Party. Neither yielded to the temptation to "cut in."

The Social Democrats filled the vacated places in a way that can be described above all as showing gratitude for long and faithful service. Especially appreciated outside the party as well is the choice of Veikko Helle, who, it is true, had a hand in labor market questions as a member of the government as far back as the early 1970's, but who can now end his long political career with the little extra gilt edge that membership in the cabinet perhaps still confers.

Especially among Swedish speakers, there is regret that the esteemed minister of foreign trade, Esko Rekola, had to yield. But the Center Party's calculation was politically understandable. Placing Arne Berner in Rekola's spot means that the Center Party and Liberals together now have seven ministers, compared to eight for the Social Democrats. Before the cabinet shuffle, the Center Party had the most ministers with six, compared to five for the Social Democrats.

The entrance of the Liberals into the government was again strictly necessary to maintain the cabinet's character as a majority government. Otherwise, the Sorsa government would have been conspicuously dependent on the opposition.

It has been said that President Mauno Koivisto took a somewhat different view, at least at the beginning of the cabinet crisis. Something of that emerged in his New Year's speech when he expressed himself in a way that could be interpreted as a kind of continued "bridgebuilding" in the direction of the SKDL

[Finnish People's Democratic League]. If true, the president in this case is again following the line laid down by his predecessor, Urho Kekkonen.

We in nonsocialist quarters also have no reason to minimize the significance of the fact that the SKDL was able to participate in the government and may also do so again in the future. It means that a party which in principle represents different ideals concerning society than we do, and which also counts relatively underprivileged social groups among its voters, has taken part in the practical work for security and reforms.

In any case, it must now be noted that because of the SKDL's own actions, the situation as we approach the parliamentary election has been "reset to zero," and both the SKDL and the Conservative Party--the parties at opposite poles from each other--are in the opposition as a result. If the SKDL is to play the role of a government party in earnest, however, it will have to put its house in order so as to get away from the situation in which one leader immediately contradicts what the other promises. In particular, it must be noted that Kalevi Kivisto's willingness to cooperate has not always been backed up by the SKDL's actual behavior. The socialists in the SKDL have had to learn the bitter lesson that they cannot dictate the conduct of the much larger Communist Party.

11798

CSO: 3650/93

SKDL SHOULD NOT BE IN OPPOSITION, CABINET AT SAME TIME

Helsinki HUFVUDSTADSBLADET in Swedish 30 Dec 82 p 2

[Editorial by Jan-Magnus Jansson: "Consequences Should Be Accepted"]

[Text] The parliamentary consequences must be drawn from the fact that a party--the SKDL [Finnish People's Democratic League]--cannot be given the privilege of working against its own government. That privilege is not enjoyed by any other party, writes Jan-Magnus Jansson. His editorial expresses the hope that the president of the republic will instruct Sorsa to reshuffle the cabinet immediately on a three-party basis, as happened in a similar situation in 1971, when the Communists left Karjalainen's government.

"Testing the ice with a stick" is a cherished saying in parliamentary circles. The SKDL and the Communist Party have been busy with that sport since last summer, and now, from all indications, they have found a hole and plopped into it.

Twice during the past two decades, joint government with the Communists has become too strenuous both for them and for their companions in the government. The first time it happened was in 1971, when the Communists, after a long period of anguish, left Karjalainen's government. They were replaced almost immediately with Social Democrats, whereupon the reshuffled government carried on.

The second time that the Communists made life especially miserable for the government was during Miettunen's emergency government in 1976. Their inclination to go it alone in politics was an important cause of the government's difficulties. On that second occasion, however, the government broke up into its constituent parts and was succeeded by a minority government formed by the middle parties.

It is our opinion that in the present case, the 1971 model should be followed as closely as possible. In other words, we hope that the president of the republic will instruct Sorsa to reshuffle the current cabinet on a three-party basis. The simplest solution would be for the Social Democrats to fill the spots left vacant by the Communists. A natural starting point is that the balance of forces between the middle parties and the Left should remain undisturbed. Minor personnel changes should be possible within the general framework, however

(it has been pointed out that two Social Democrats should not occupy the Ministry of Education, and the Center Party has indicated--for example, during the latest spawning of a cabinet crisis--that it wants a Liberal in the government). The same kind of minor changes also occurred during the precedent set in 1971.

Now that the entire government is being forced to resign because of the unwillingness of the three SKDL ministers to accept the parliamentary consequences of the conduct of their parliamentary group, considerable political risks are the result. There may be those who want a complete reshuffling of the cabinet with unsuspected complications as its result. It can be imagined that there is also a desire in other parties besides the SKDL to be unencumbered and free of responsibility before the elections.

There is reason to use all one's energy to block a development that might result in a minority government or one run by civil servants. Without having too many illusions about the government's prospects for steering the decisions in the labor market, it would be disastrous if solid parliamentary leadership fell away just when work to hammer out wage agreements was getting seriously underway. So if the prime minister endeavors to reshuffle the government on a three-party basis, he ought to be given all possible support.

Yesterday's events in themselves were the logical consequence of a development that has been perceptible for several months. For a long time, the Communist position in Parliament has been halting and the usefulness of the party's participation in the government doubtful. The government was able to rest secure because in essential matters, it could rely on support from the leading opposition group, the Conservative Party. Quite apart from the total rebelliousness of the minority Communists, the SKDL--the "government party"--was given the right to refrain from voting for the government on the question of devaluation, and most recently, in connection with the exemption for disabled persons, a large part of the so-called majority group openly opposed the government. The parliamentary perversion that consists of allowing a coalition party to oppose the government, which in turn is supported by the opposition, should be done away with as soon as possible.

It seems antiquated for a government to break up over the issue of defense appropriations. That has not happened in our country since the time of the Tulenheimo government in 1925. But perhaps there is a deeper reason. The Communist Party is in a wretched state, and the defense issue is an easy one to set in front of the voters and to use as a formula for uniting the party.

Neither can the Communists have failed to notice the defense debate going on in the Social Democratic Party. At the conclusion of the defense course on 15 December, Prime Minister Sorsa delivered a speech that attracted a lot of attention. It can be interpreted--and has been--as an indirect repudiation of the nihilistic defense theses nailed up--perhaps while the party leadership was taking a short nap--at the party congress in Pori in 1981. Sorsa supported the conclusions reached by the third parliamentary defense committee and declared himself in favor of appointing a new committee to work out defense appropriations for the next 5-year period. Sorsa also gave his unreserved support to the efforts to achieve greater unity in the area of defense and security policy.

His stand deserves credit, but it naturally did not fail to get a response from within the Social Democratic Party. In SUOMEN SOSIALIDEMOKRAATTI on Tuesday, there appeared an appeal directed against Sorsa in which, among others, Secretary General Laxen of the Women's League and Chairman Jorma Bergholm of the Youth League demanded that "the line from Pori" (that is, zero growth in defense appropriations) remain in force.

It would not be strange if the SKDL, which is going into the election with extremely few trump cards, were to see a chance to make inroads in the Social Democratic Party's ranks precisely on the issue of defense. It is hard to believe that its stand in Parliament was due to pure clumsiness or to a misunderstanding of the limits to the government's tolerance, and it became completely inconceivable from the moment when the decision was made to defy the prime minister's ultimatum.

The one who has opposed a confrontation within the government at every stage is Kalevi Kivisto, who because of his position must do everything possible to preserve leftist cooperation and who fears a clear swing to the right as soon as the SKDL leaves the government. It can be anticipated that he will continue his efforts to maintain the SKDL's presence in the government (one cannot in reason talk about "cooperation in the government"). There has even been talk that the present government will remain until the elections with no changes but redigised as a "caretaker government." Such a solution must be opposed as strongly as possible, both because it totally lacks precedent and because in fact, it would give all the coalition parties the right to behave any way they please during the next 3 months. At some point, it will be necessary to accept the consequences of the fact that a party--the SKDL--cannot be given privileges that no other party enjoys.

11798

CSO: 3650/93

LE PORS ON CIVIL SERVICE REFORMS, DECENTRALIZATION

Paris L'HUMANITE in French 15 Nov 82 p 4

[Interview with Anicet Le Pors, minister delegate to the prime minister in charge of civil service and administrative reform, by Bernard Frederick; date and place not given]

[Text] As minister of civil service since June 1981, Anicet Le Pors has to his credit an already sizable number of measures likely to improve the fate of civil servants and the operation of government agencies. We wanted to assess the situation with him, at a time when the minister is getting down to formulating a Civil Service code to update and adapt the 1946 regulations.

[Question] The wage negotiations are coming to an end. In a few days, trade union organizations will reveal their positions on the government's latest proposals. What is your view of the probable outcome of these negotiations?

[Answer] Following the end of the freeze, which was implemented by the decisions applicable in late 1982, the government wanted to give new vitality to the policy of coordination for 1983.

The development of the Civil Service wage discussions was evidence of this. No one can seriously question the effort made to effectively protect the purchasing power of civil servants through an active policy of combating inflation, continuing the work of simplifying and clarifying the wages of civil servants, combating inequalities, undertaking the adjustment of careers in the most underprivileged categories with a view to reorganizing the scale of wages.

Real negotiations were held and things have changed. I want these realities to be clearly understood by everyone so that a clear awareness of what is at stake will lead to a broad agreement of the opposing sides.

[Question] And then, there are also impressive results of reforms in all areas of Civil Service. But are these results well understood by the population and by civil servants themselves?

[Answer] More information and explanations will undoubtedly be necessary. But this task cannot be left to the minister for civil service alone. In this regard, all forces favoring democratic change are responsible.

We are learning that the time factor is an essential political feature in preparing new measures. Time is needed for interministerial discussions, for trade union coordination, for the preparation of implementing regulations, for putting bills on the agenda of a parliament that is clogged with the flood of reforms. Ignoring this reality means underestimating all of the problems and contradictions which arise and are resolved during this whole time.

This also explains why some of the important measures taken in the case of Civil Service--creation of numerous jobs, unprecedented reduction of working hours, new possibilities for early and gradual termination of operations, part-time work, the decision to grant tenure to hundreds of thousands of contractors, creation of new rights, administrative simplifications, etc.--have not yet completely become a reality and are therefore little known by the parties involved themselves.

For example, this is the case of the new social and trade union rights, which have, however, been published in the form of seven decrees in the "Official Gazette" of 30 May 1982. They exist as government decisions, of course, but their implementing regulations, which comprise dozens of pages, had to undergo a detailed interministerial debate. I will sign them this week.

The reforms are thus moving forward. The debate on the tenure bill will begin in the National Assembly on 9 December. I am also able to announce that a new stage in the reduction of weekly regulation working hours will take place in Civil Service in 1984; it will be the subject of negotiations with trade union organizations during 1983.

[Question] Isn't the extent itself of the reforms a worrisome factor? Concerning the preparation of the future General Civil Service Code, for example? In this regard, a debate is tending to develop concerning the terms themselves: code or regulation? Which is it?

[Answer] In view of the reshaping of regulations implied by decentralization, two extreme solutions were conceivable a priori: formulating two parallel regulations into two distinct laws, one concerning government employees and the other concerning employees of territorial units, or trying to govern all public employees with a single regulation. The first solution would have had the major drawback of perpetuating the current situation of regulatory heterogeneity and the absence of mobility; the second solution would have inevitably led, because of the specificity of territorial units and the unrestricted administration granted them by the constitution, to adding to the "single regulation" a group of dispensational regulations for civil servants of territorial units, thus confining them to a kind of ghetto, which is exactly what the government wants to release them from.

The solution chosen by the government resolves this contradiction by going beyond it: By listing in Section I the guarantees and obligations of civil servants, it standardizes the basic regulations concerning them, without any restriction; by including in the respective Sections II and III, one for government employees and the other for employees of territorial units, the regulations for organization of their careers, according to a similar structure, it establishes the bases for a great national Civil Service with respect for the functional differences and managerial particularities of the various public agencies.

Civil servants will thus have a homogeneous set of regulations offering them prospects for standardized careers and, through Section I, which applies to all of them, a body of basic guarantees that is unprecedented in terms of its content and applicability.

I consider that the important thing. In comparison to this, I consider terminology less important. The term of a general code, selected by the government's pilot study, has the advantage of showing that this legislation, beyond its regulatory aspects, deals with basic problems of organizing Civil Service. I am also aware of the affinity of government employees' trade union organizations for the term regulation, which in 1946 gave concrete shape to a major social advancement in Civil Service, but it should be pointed out that the choice of terms, code or regulation, is of no consequence legally. In any case, the government will decide on this following the negotiations in progress.

[Question] How may the progress resulting from this new general code be characterized?

[Answer] We must begin with the present situation: A general set of regulations for government employees, one that is constantly being attacked but which has stood the test for 36 years, disparate provisions for communal employees and the absence of regulations for employees of departments and regions.

With the government's plan, there is advancement of rights, liberties and guarantees for everyone, and I mean everyone, and no reduction. For 4 million civil servants, the great principles of French Civil Service will be applied: generalization of access to Civil Service through competitive examinations, separation of rank and employment to protect civil servants from political pressures and budgetary and administrative risks, full citizenship of public employees, etc.

[Question] Yet government employees continue to express a certain anxiety

[Answer] That takes us back, to a large extent, to the problem of clear and objective information, mentioned earlier. None, I want to stress, none of the provisions of the new body of regulations comprising Section II takes away from the current general regulations for government employees. On the other hand, there are many improvements: an increase in the resources and prerogatives of organizations with equal representation, affirmation of the representativeness of trade union organizations and their role in the decision-making process, confirmation of an employment policy based on the holding of permanent civilian jobs by tenured agents, establishment of the third way of the ENA [National School of Administration] in behalf of elected officials, trade unionists, leaders of certain associations, improved inclusion of the handicapped in Civil Service, creation of a new position: availability, strict respect for the equality of men and women, reform of the disciplinary system, etc.

This is, of course, not enough to guarantee a solution to all the problems of today and tomorrow. This embryonic legislative work will be a continuous democratic process. Its success will be assured by the aware and positive participation of all those who are interested in our country having a national Civil Service suited to our time.

[Question] On the other hand, if the advancement represented, for communal employees, by their new regulations is apparent, at the same time isn't this a blow to the free administration of territorial units and, in particular, to the power of mayors?

[Answer] Not at all. As proof, I offer, and I am pleased about this, that every association of elected officials, including the National Association of Communist and Republican Elected Officials (ANECR), have expressed their agreement with the government's plan. The authority of mayors and chairman of regional or general councils will be reaffirmed in the case of appointments, memoranda, advancement, positions, sanctions, etc. They will be able to surround themselves with a freely chosen cabinet. They will be able to fill, at their own discretion but within definite limits, certain positions such as general secretary, assistant general secretary, director of technical services.

Moreover, employees of territorial units will enjoy the same basic guarantees and overall regulatory provisions--Section III--similar to those for government employees. Thus there will be real positional equality between them, which will facilitate mobility from one administration to the other and will make the government careers of territorial units much more attractive than they are today.

However, nothing will force public employees, whose service will be transferred to a unit other than the one which they are currently subject to, to change their status. They will have 5 years to decide and, beyond that, they will have another 5 years to possibly change their minds.

[Question] What are the deadlines for this significant reform?

[Answer] The prime minister has promised to submit the draft General Civil Service Code to parliament before the end of the current parliamentary session so that it can be debated and passed during the spring 1983 session. Thus there is no time to lose. This is in the interest of all those who want to transform Civil Service democratically while overcoming corporatist reactions.

Coordination with trade union organizations is in its final stage. The plan will then be submitted successively to the High Civil Service Council and to the National Equal Representation Committee for Communal Employees, to the Council of State and, finally, to the Council of Ministers.

[Question] Aren't public service customers being overlooked in all of this?

[Answer] Quite the contrary. For the government's only reason for being is good public service and reforms benefiting civil servants should result in their being more efficient and more responsible because they are less restricted.

The question is pertinent and timely, however, since this ministry's program will enter a new stage: that of administrative reforms of increasing scope. Through my ministerial prerogatives, I will assume, jointly with the other ministerial departments and government agencies, the coordination of efforts

made in this regard: the effort to simplify structures and printed material, the effort at information and consultation, the effort at clarification and standardization of law, the effort to democratize relations between the government and public service customers, etc.

Here are two examples to illustrate this approach. First of all, in a few days, four pilot operations entitled "Government at Your Service" (AVS) will get underway in Pas-de-Calais, Drome, Sarthe and, to a lesser extent, in Essonne. Their purpose will be to test a number of experiments with information, assistance and user participation, with a view to their subsequent generalization.

Secondly, I have begun formulating a set of laws and regulations that will codify the main rules governing the improvement of relations between civil servants and the public--in short, a code of good management for government and public service customers.

Such are the most significant operations of a process which should gradually become a real antibureaucratic crusade.

[Question] Will that take a lot of time?

[Answer] In the Middle Ages, the Crusades generally lasted from 2 to 6 years. We will certainly need that long to make a dent in the bureaucracy

[Question] Can civil servants, most of whose jobs are not involved with production, play a significant role in the search for a solution to the crisis?

[Answer] Through their jobs, civil servants occupy a strategic position in the implementation of a great national project for an economic, scientific and cultural rebirth making possible, at the same time, the competitive recovery of the domestic market and the fight against the structural causes of inflation, among which, expressing my agreement with what the prime minister said, I do not include wages.

We are lucky to have in France a Civil Service that is undoubtedly the best in the world. This is an asset. It is up to all of us to know how to use it well, but innovating creatively in the management of public service, which has a specific character, since it is aimed, above all, at the general interest. As I said recently in a lecture to ENA students: "The state is not operated in the way that a multinational corporation is operated."

11915

CSO: 3519/189

GOVERNMENT ANNOUNCES REGULATIONS FOR REFUGEES' RETURN

Government Announcement

Athens ELEVTHEROTYPIA in Greek 28 Dec 82 pp 1, 16

/Excerpt/ According to statements by Ministers of Interior Giorgos Gennimatas and Public Order Giannis Skoularikis to ELEVTHEROTYPIA, the process for the repatriation of 35,000 political refugees who still live in the states of Eastern Europe and the USSR, is very simple and includes a one-page affidavit on which the applicants interested in repatriation will have to state their full name, their national origin (a necessary criterion for regaining Greek nationality), education (certificates and degrees), and the knowledge of foreign languages. The last two items will be utilized by the Labor Force Employment Organization /OAED/. In the same document, the applicants will be requested to state whether they wish to acquire Greek citizenship before or after their return.

The above affidavit will be submitted to the Greek consulates which will immediately issue long-range traveling papers. Gennimatas explained that the passport will be issued after the granting of Greek citizenship.

KKE Scores Non-Action on Refugees

Athens RIZOSPASTIS in Greek 25 Dec 82 p 12

/Text/ Christmas has come around once again but the 30,000 political refugees are still not among us. They will celebrate with the peoples of the socialist countries that are their hosts. Nothing around them, except for the photographs and the letters of their kinfolk, will remind them of their homeland, childhood memories, experiences of adolescence, struggles and worries from life and adversity. The government makes a new effort to "smother" the public indignation at the discrepancy between its promises and the reality. It resorts to new declarations and promises but the law it promised to pass in the early months in office is still nowhere to be seen. On the contrary, all reports leaking out of the ministries in charge of this issue indicate that in this case, too, the government will not avoid political beautification. The National Security Service will no longer be asked to give its approval but the refugees will be asked to state a thousand things about themselves. The citizenship will not be regained through the individual recall of the previous decision but by a group decision of the same citizenship council which issued the earlier decisions. But this treatment does not differ from that of the governments of the Right. For this reason it is necessary to have an immediate solution of the problem without exceptions or exclusions.

COMMENT ON SECURITY CORPS REORGANIZATION

Athens ELEUTHEROTYPIA in Greek 24 Dec 82 p 4

[Article by Khristos Bakas: "The Police in the Procedure for Change"]

[Excerpts] The government has not always been able to convince in the sector of economic planning and decisions that its actions correspond to the ambitions and expectations of the people. However, in the sector of social and institutional innovations, we are entitled—all Greek citizens—to be proud of the work that has been achieved. This, then, is a proper moment to evaluate the effort to adjust—historically, socially and nationally—the Security Corps to the demands of a modern democratic society.

The domination of the Right during the decades that followed the civil war shaped and sustained the role of the Security Corps as a machine for the blind suppression of and systematic confrontation with the broad democratic forces. In the dark years of the dictatorship the gap which cleverly opened between the people and the Security Corps was completed and solidified. After the fall of the dictatorship there was a timid effort to revamp the Security Corps in the principles of democracy and by extension the healing of the traumatic experiences caused by the dictatorship was equally incomplete.

For this reason this is the first substantial effort tried now by the political leadership of the Ministry of Public Order. This effort courageously and virtuously aspires to restore the prestige of the Security Corps and make their intervention useful, in the context of maintaining social peace.

In this new situation, for the first time the policeman is called to develop his personality and to give to his actions the dimensions of true legitimacy which was unknown in the period of the dictatorship and was often ignored in the post-dictatorship period by the governments of the Right. There are many abuses in the exercise of power, which derive from regulations with nonexistent or questionable legal validity, such as those related to the "verification of the identity" of citizens.

Today, the policeman can show initiative in implementing the directives of governmental policy which allow him to utilize broadly his human sensitivities. For the last year the police organs have had the opportunity to eradicate from the

public memory the image of those periods when the mere appearance of a policeman was identified with the oppression and the intimidation of the citizen. Indeed, the improvement of the social climate owes a great deal to the new way of action by the police organs who show that they have adjusted to the needs of the new times. This observation, together with the praise it deserves, one must underline as a deserved social recognition.

But to complete and consolidate this trend, there is a pressing need to have structural changes in the organization, training and functioning of the Security Corps. Indeed it becomes increasingly clear that the classic methods of suppression will have to be replaced henceforth by the further staffing of the police with manpower and the continuous preventive presence and personal contact of the police organ with the specific simple citizen. This, of course, requires the development of the activity of the policeman in a clearly defined and limited local framework.

However, a restructuring and redistribution of police forces, if it is not to harm the effectiveness of police action, must be combined with the continuous improvement of the necessary materiel-technical equipment. Only by utilizing the most modern scientific methods for the detection of facts can one reasonably expect the final uprooting from the police habits the medieval methods which insult human dignity and fatally harm the moral name of the Security Corps.

At the same time, it is necessary to complete the effort to start the strengthening of the Security Corps officers with more education and higher human ethos. The success of this effort will open new horizons allowing the underlining of the social role of the police and the development of a social way of thinking in the organs to facilitate a quantitative and qualitative higher form of participation in keeping social peace. The state has the obligation to do anything to tone down the largely artificial feeling of insecurity of the citizens through systematic and responsible information. This feeling grows rapidly, less because of real conditions and more because of the distortions given by the sensation-seeking press to the increase of criminal activities.

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CSO: 3521/138

VAFIADIS WILLING TO RETURN

Athens ELEVTHEROITYPIA in Greek 28 Dec 82 p 1

/Text/ Markos Vafiadis, the only living protagonist of the national adventure of the civil war, is not ready to come to Greece, at least as a visitor. Two years ago he had stated that he would return only in the event of a general measure for repatriation, not under the special procedure that applied then. Some of his friends in Greece are certain that Markos Vafiadis who now lives in Penza, USSR, 600 kilometers east of Moscow, will come back.

How Many and Where Do They Live

According to data collected by the Central Committee of Greek Political Refugees /KEPPE/ of approximately 35,000 political refugees who live outside of Greece:

5,000 live in Bulgaria;

5,000 in Romania;

1,500-2,000 in East Germany;

8,000-9,000 in Poland;

9,000-10,000 in Czechoslovakia;

3,150 in the USSR; and

5,000 in Hungary.

According to data collected around 1968, in a total of 32,790 working political refugees, 3,485 had college degrees, 4,434 degrees from secondary technical schools, 11,555 from secondary vocational schools, 11,320 are skilled workers and only 2,050 were unskilled.

In the USSR

Today in the republics of the USSR approximately 3,150 political refugees live. In 1949 their number was estimated to be 11,997 (8,571 men, 3,401 women, 25 children). By 1954, the number of political refugees in the USSR reached 18,000.

The number of repatriated Greeks from the USSR and other countries that have returned so far to Greece comes to 11,000 persons. In 1976, approximately 7,000 to 7,500 persons remained in the Soviet Union. Those who died in the USSR, their dream to return unfulfilled, exceed 2,000.

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CSO: 3521/138

PONOMAREV INTERVIEWED ON RELATIONS WITH GREECE, CYPRUS, KFE

Athens TA NEA in Greek 21 Dec 83 pp 1, 11

/Excerpts/ Boris Ponomarev, who led the Soviet delegation to the 11th Congress of KKE, gave TA NEA a very interesting interview before he left Greece.

Question: How does the Soviet Union see the position of the Greek government with regard to the arms race and the relations between East and West?

Answer: We know that the present Greek government is fighting against the "first nuclear strike" view, against the nuclear arms race, including Europe; that it is fighting to protect detente and peaceful coexistence with practical initiatives. Our country saw with satisfaction the appreciation of the PASOK government for the decision of the Soviet Union to stop the installation of medium-range missiles in the European part of the USSR--which it termed "a very positive step."

Greece develops its relations with the Soviet Union and other socialist countries in a positive way. We cannot but welcome such a step and any effort for further progress in this direction will have our understanding and support.

Proposal on the Balkans

Question: How does the USSR view the possibility of creating a nuclear-free zone in the Balkans in light of the proposal made by the Greek government? What are the possibilities for /solving/ this problem?

Answer: The Soviet Union supports all existing plans for nuclear-free zones in Europe and other areas on our planet, including the Balkans. We believe that such a zone will contribute to the cause of strengthening peace and security in Europe.

Differences on the Aegean

Question: How does the USSR view the problems of the Greek-Turkish differences over the Aegean?

Answer: We believe that there are no disputes between states that cannot be resolved by peaceful means through discussions on the basis of respect for the principles and the rules of international law. This applies to the problem that exists between Greece and Turkey over the Aegean.

Cypriot Problem

Question: Does the USSR believe that there are genuine prospects for the solution of the Cypriot problem? Does the USSR think that it is necessary to have some new initiative on its part with regard to this problem?

Answer: The Soviet Union believes that the problem of Cyprus can and must be resolved. This is demanded by the interests of Cyprus, its people, all the states in the area and the security of the people of our continent.

It is imperative to assure the independence and territorial integrity of Cyprus, the rights and interests of the two communities, and the status of Cyprus as a demilitarized, non-aligned state.

The Soviet Union believes that the obstacles to this [solution] come from the aggressive powers in the West which would like to see Cyprus a stronghold in their fight against the forces of national and social liberation in the eastern Mediterranean.

KKE Prospects

Question: Since you were present at the KKE Congress, could you tell us what is the party's role and future prospects?

Answer: With KKE we have old and close ties. We believe that KKE's heroic record and its current activities show its loyalty to the revolutionary principles of Marxism-Leninism, its consistency and steadfastness to the defense of the interests of the working class; its struggle for peace, national independence, democracy and socialism; all these secure for the communists a stronger position, and open for them good prospects for the future.

Greece and the USSR

Question: How do you see the further development of the Greek-Soviet relations in the political, economic and cultural sectors?

Answer: As I said before, the Soviet Union fights, no doubt, for the further fruitful development of its relations with Greece in all directions. Much is already being done in this direction. Our further prospects for cooperation will be discussed during the forthcoming visit to Greece of USSR Premier N. A. Tikhonov.

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CSO: 3521/139

GOVERNMENT RAPPED FOR POOR HANDLING OF INFORMATION

Athens TO VIMA TIS KYRIAKIS in Greek 26 Dec 82 p 7

/Article by Vasilis Paikos/

/Excerpts/ The government of Change no doubt is going through a difficult phase since it came to power 14 months ago. It is the second time serious problems of "disharmony" have appeared in the relations between the government and a section of public opinion. The first was a few months ago when it announced its tax policies. This passed in spite of the well-known "crude" side-effects and almost without serious consequences for the government because the honeymoon was not yet over. With the announcement of its incomes policy and the introduction of the 1983 budget today, the "questions" that emerge are more serious, much more complex and much more significant.

The announcement of the incomes policy for the new year brought to the surface very clearly--and somewhat exaggeratedly--all the weaknesses that beset the government's "communication" with the people.

It was revealed dramatically that a tremendous and acute problem of "communication" exists in the broadest meaning of the term. This is a problem centering on the lack of responsible, realistic, clear and continuing briefing of the people on the government's planning.

For many months, we have said monotonously that without a systematic, "institutionalized" public information effort, the country's socialist government cannot hope to maximize the results of its actions nor the achievement of its goals. This is because informing the public is the first necessary step for the "popular participation" promised by the government, and also because it is the only means to achieve the popular support, approval and understanding of the government's plans, the "covering" and eventually the implementation of the government's decisions.

Now, when explosive conditions have been created in society, there is talk about a systematic, reliable and above all timely informational effort--not a spasmodic, casual or hasty one under the pressure of circumstances. Thus, the premier's latest television address did not achieve the best possible effect in spite of the unquestionable prestige of the "speaker" precisely because it came too late to dampen the fires when the atmosphere was already in an explosive stage.

He chose the wrong time, the wrong language, the wrong expression, the wrong content. But the recent events revealed additional governmental weaknesses--weaknesses of methodology and handling.

When the "pro-government" press is allowed to encourage for days a climate of euphoria, to prepare the people for more benefits or to reassure the people that everything is going well, then of course the people cannot be blamed for being distrustful or even angered when they confront a far from pleasant reality. Neither is the press usually to blame for the distorted briefing and bad preparation of public opinion since the newspapers from "somewhere" authoritatively draw their information.

The Ministry of Interior has proved--on other occasions--that it knows how to reach decisions and also how to present them to the people. But unfortunately it has not found many imitators.

Many quarters express the view that the incomes and economic policies in general announced for this year should have been in effect a year ago when the margins of popular tolerance and patience were wide open. This view is basically correct and one does not need to have special economic knowledge to verify its accuracy.

The PASOK government had every opportunity 14 months ago to ask the people for a grace period of 6 months or even a year in order to prepare and bring to the point of implementation the first "phase" of its socialist-economic policy.

The people would certainly have no objection to living a little longer under the conditions of the Right if they could be sure that after that there would be "no going back."

PASOK chose the opposite route. It wanted to offer immediate relief to the working people and at the same time give a first--and bold--socialist sample. The choice was certainly legitimate, respectable and good intentioned, but it was also wrong as we see now. One may say that if one way or another the result (from a purely economic-incomes policy) would have been the same, what does the "different timing" matter?

The major significance of such a timing reversal is related absolutely to the elements that shape the people's trust in the government's consistency, toward a continuous march forward of a socially upward course. It is also related to the elements which determine the government's reliability in the popular mind.

The gaining of popular "trust," the preservation of relations and conditions of "reliability" are matters of great importance which can affect decisively all aspects of public life without exception, and can determine almost completely the effectiveness of the government's plans in every sector.

The latest "upheaval" revealed, however, something else--something which relates to the weaknesses of "the other side..." It became perfectly clear how little "patience" large categories of working people have; how unwilling they are to accept the conditions of an even temporary policy of "austerity;" how unprepared they are to carry on their shoulders a program of socialist development.

However one may attribute the signs of displeasure to unsuccessful governmental handling; however the lack of responsible briefing exposed the working people to the opposition's propagandistic danger-mongering campaign; one cannot but note that certain popular strata become "indignant" very easily, forget very easily how much they were favored recently and that they are not easily persuaded about the long-term general good that is expected.

One cannot but note that those who are the first to protest, get indignant and mobilize are precisely the most favored and privileged categories of working people, the privileged trade unionists, those who enjoy special advantages compared to other similar branches. These are the branches with a narrow trade unionist mentality, with total contempt--or at best indifference--for the other working people, with total indifference for the general "social good." These are the branches which were "treated too nicely" for years by almost all political parties and which have become accustomed to caring only about their narrow trade-unionist interests which, of course, have no relation to the sound trade unionist view politically and in the progressive mode.

And if it is beyond doubt that PASOK is partly responsible for its poor political education of certain privileged branches in the past, it is a fact that it continues to "treat them nicely" and to "spoil" them, to flatter their weaknesses and their demands.

But in this fashion it will be difficult to pass any "hard" social program when such a program will eventually be in conflict with some strong groups to help some weaker groups.

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CSO: 3521/139

COMMENTS ON POLICE ACTION IN 'ANARCHISTS' AFFAIR

Incident Described

Athens AKROPOLIS in Greek 22 Dec 82 pp 1, 2

/Article by Dim. Stavropoulos/

/Excerpt/ In a horrifying frenzy, 300 anarchists of the Left last night occupied the center of Athens, spreading panic and terror to Athenians and causing destruction with Molotovs and stones. They broke store windows, threw stones and bricks at passing cars and clubbed innocent pedestrians who tried to take cover in corners or arcades. A fierce clash with policemen followed.

Anarchists Arrested

Late last night the police announced that 22 anarchists were arrested and taken to the General Security and that a large force was used to subdue the anarchist hooligans who had gathered at Syndagma Square. From there they marched toward the Chamber of Deputies shouting provocative, vulgar and insulting slogans against the state, the police, etc. When they arrived there, always under police surveillance, they suddenly became more violent and shouted dirty insults and obscenities. They immediately split into groups and ran toward Panepistimiou St. spreading destruction. The situation became chaotic and the police intervened effectively. It arrested a few and dispersed the rest.

It should be noted that the police had had some information midday about the meeting, march and plans of the anarchists but used discretion and stayed "neutral" until the attacks started. It was too late, however.

PASOK Organ's Accusation

Athens EXORMISI TIS KYRIAKIS in Greek 25 Dec 82 p 12

/Text/ Something should be to blame if the police has difficulty protecting the life and property of the citizens. If its numerical and organisational shortage is to blame then it should be corrected. Or if at present the inadequacy of the leadership--at whatever rank--is to blame, then again it should be coped with.

We do not refer to the common crime which cannot be easily prevented. We refer mainly to the fact that some hundreds of bums and hashish addicts were able to "go wild" on the heads and properties of innocent citizens and break windows of stores. Such group crimes should be smashed in time before their objectives are achieved. Their ex post facto arrests and trials do not amount to much because those who incite them have nothing to lose by going to jail where they start shouting about "oppression," etc., etc., and ask, with the help of others, for their release from prison.

The people demand that the Security Corps protect them. We will wait and see what excuses will be given for the above episodes and what measures are about to be taken. As for the hooligans let them know that a socialist government does not mean socialist immunity. They should know this in order to avoid socialist repercussions in the event of repetition.

PASOK-Police Confrontation

Athens TA NEA in Greek 24 Dec 82 pp 1, 12

/Excerpt/ For last Tuesday's episodes in the center of Athens where a group of "anarchists" willfully smashed windows of tens of stores, PASOK blames the police and more specifically the Security Corps leadership "at any rank."

Today's issue of EXORMISI--PASOK's weekly newspaper--publishes an article under the title "Something Is to Blame in the Security Corps" and points out:

First, that "if the inadequacy of the leadership--at any rank--is to blame, then it should be coped with."

Second, that "such group crimes can and should be shattered in time and before their objectives are achieved."

Third, that the people "demand that the Security Corps protect them."

"Bums-Hashish Addicts"

It should be noted that EXORMISI makes no reference to "anarchists" and brands the persons who provoked the episodes as "bums-hashish addicts." Beyond its importance, this article, since it is published in PASOK's official publication, also expresses the views of top government cadres given that EXORMISI's responsible editorial writer and commentator, Andonis Stratis, is also the premier's political advisor. This fact possibly calls for the need to pinpoint the political or administrative responsibilities for the existing inadequacies and possibly to find a new policy for coping with those elements which are attempting to shake, under any pretext, the political as well as the social stability.

Newspaper Not a PASOK Organ

Athens KYRIAKATIKI ELEVTHEROTYPIA in Greek 25-26 Dec 82 p 1

/Text/ The government disproved yesterday the commentary on the Security Corps by EXORMISI which is published by PASOK party cadres. The article criticized in part Public Order Minister I. Skoularikis and the police leadership.

This is the first time the government has been forced to censure the semi-official PASOK newspaper with a statement, moreover, by the government spokesman Dimitris Maroudas who is on the paper's editorial board. The author of the controversial commentary was the premier's political advisor Andonis Makris.

The Maroudas response to all newspapers which commented on the EXORMISI article as well as to the article itself is as follows:

"The leaderships of the Public Order Ministry and the Security Corps have the government's full trust and the recent great successes against crime and the maintenance of a clam climate throughout the country should indeed be praised." It should be noted that EXORMISI's publisher is Kostas Laliotis, Executive Office member and deputy minister of New Youth. The editorial board includes Andreas Khristodoulidis, a member of the Executive Office, Sotiris Kostopoulos, secretary general of Press and Information, and A. Stratis, the premier's political advisor who on the newspaper's masthead is mentioned as the person responsible for political commentaries.

Names

Responding to reporters' questions, Maroudas said that EXORMISI is not a PASOK party organ but, as stated under its front title, "a weekly democratic newspaper" which does not belong to the party's Central Committee nor to the government of course.

As for the names of government cadres in the masthead, Maroudas said that "their names are mentioned in an honorary way" and that they have no time to devote to the paper's publication.

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COMMISSION ESTABLISHED TO REVIEW ROYAL FAMILY'S HOLDINGS

Athens ELEVTHEROTYPIA in Greek 24 Dec 82 p 1

/Excerpt/ The vast real estate property of the fallen Glyxburg royal family is at last on the way to coming under state ownership. It was announced yesterday that the special committee established by order of Agriculture Deputy Minister Moskos Ginoglou is reexamining the family's holdings--ways and legalities, that is, for the state to take them over.

It is reminded that recently Agriculture Minister Kostas Simitis, speaking about the national parks the government plans to establish in the Attiki area, included also Tatoi [royal summer estate]. A year and a half ago, ELEVTHEROTYPIA, following an extensive investigation, revealed that the Glyxburgs were usurpers and that the Tatoi estate belongs to the state.

3,500 Stremmas Became 90,000!

It was made known that according to Forest Service figures the property sold by the Soutsos family to the royal family covered 3,500 stremmas. Yet, today the royal Tatoi estate covers 90,000 stremmas. And according to a report, in 1920 the former king paid 5 million drachmas in property tax.

It should be pointed out that the Greek people demand that all holdings of the fallen dynasty not only in Tatoi but also in Kerkyra, Thessalia, Ipeiros, Salonica, et al, come under state ownership.

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CSO: 3521/136

RETIRE COLONEL ACCUSES AIR FORCE OF POLITICAL ACTIVITIES

Alleged 'Commissars'

Athens AKROPOLIS in Greek 19 Dec 82 pp 1, 18

/Excerpt/ AKROPOLIS today presents a startling document: the secret memorandum of a select member of the air force, Colonel Stefanos Skrekas, stating reasons he was forced to resign last August after 27 years of successful service. The colonel tells in detail what is going on today within the air force and underlines the dangers the country faces from PASOK's governing. With impressive data he reveals how the commissar-greenguards "clip" the wings of the air force's cadres through their party activities which symbolically could be outlined as "Operation Daidalos."

Concerns

With regard to what is happening in the air force, Colonel Skrekas claims that:

- a. Honored and professionally irreproachable cadres were retired.
- b. Seniority is pushed aside.
- c. The air force manual is not observed.
- d. Lower ranking officers watch and report the activities of their seniors.
- e. The institution of the commissar is assuming disturbing dimensions.

With regard to the country's general situation Col. Skrekas expresses concern because:

- a. Fundamental concepts and institutions concerning the nation's existence are being banished.
- b. Meritocracy has been abolished.
- c. Marxists are being matriculated in the schools of the armed forces.
- d. History is being distorted.

Downslide

The colonel said that he wrote and submitted his memorandum in the sole hope that it would wake up the political and military leadership of the country and "check the downslide to which they lead the country and avoid greater tribulations."

Who Skrekas Is

Colonel Stefanos Skrekas, 46, was born in Trikala. Following his graduation from the Air Force Academy he distinguished himself by his manipulatory ability, his honest character and his air. He had completed 2,600 flight hours in military aircraft. He was a member of the first group selected for training in handling Phantom aircraft and was among the first pilots of such planes since the time they were acquired.

Following the fall of the dictatorship he was placed in charge of the Phantom squadron and subsequently was selected as aide de camp to Defense Minister Evangelos Averof. Later he was appointed commander of the Phantom aircraft battle wing. When PASOK came to power he was transferred to the administration of air force training from whence he submitted his resignation.

Government's Answer

Athens AKROPOLIS in Greek 21 Dec 82 p 1

/Excerpt/ The revealings of Colonel Skrekas concerning the PASOK orgy in the air force as published exclusively by AKROPOLIS 2 days ago, created a sensation in the public opinion and armed forces.

In a letter yesterday to AKROPOLIS which was also distributed to all newspapers, Deputy Minister of Defense And. Drosogiannis tried, without giving specific answers to the colonel's charges, to undermine his prestige and stature by referring to certain actions and omissions of the colonel when he was commander of the air base in Andravida. The minister states also that a relevant investigation has been ordered.

When informed of the Drosogiannis letter, Colonel Skrekas declared that Air Force Chief Lieutenant General Kouris has misled his chief, the minister, in drafting the letter, that Kouris has chosen the method of slander and conveniently forgot that it was he, the colonel, who asked that he be referred to the Air Force Court.

Colonel Skrekas further challenges Kouris to continue the dialogue before the Air Force Court. "If you are not willing to be present at the court," said the colonel, "then I will propose you as witness and you can thus support your known democratic beliefs, forgetting your daily orders to praise the junta."

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TROUBLES SEEN BESETTING GOVERNMENT ON ECONOMIC PROGRAM

Athens I KATHIMERINI in Greek 16 Dec 82 p 1

[Excerpts] Because of the "freezing" of salaries in the private sector as well, the government last night faced in the Chamber of Deputies the harshest attack since it came to power. The opposition charged that the Greek economy is being led to the abyss and demanded that the government "relieve the country" of its presence. The attacks against the government were more effective and fatal because a) its policy was denounced--albeit in a more moderate tone--by KKE as well; b) the chamber was surrounded by thousands of construction workers, bank employees and private car owners who demanded a revision of the announced measures; and c) the premier was absent, being accused of avoiding the trial of a dialogue on an issue of vital political importance, preferring the television monologue during his scheduled TV talk this evening on ERT. Commenting on this absence ND parliamentary spokesman K. Mitsotakis expressed the suspicion that lest the outcry caused by the government's income policy, Papandreou may "have up his sleeve some surprises during tonight's TV speech against some minister, as he did with the Real Estate Tax /FAP7." Minister of National Economy Ger. Arsenis said that with the amendment it introduced the government has no intention of violating the constitution or international treaties; he attributed the crisis facing the Greek economy to two decisive factors: 1) the internal structural factor; and 2) the international conditions. He added that the internal structure of our economy due to the policy that was applied until now, has created a gap between the products that are being produced and those that are in demand.

Holding the Prices Down

"The Greek economy," he said, "has low productivity when compared to other competing countries. We inherited a system which is least productive and least competitive. This system creates inflation, unemployment and social inequality. We want to change that system. The 5-year plan aims in that direction. The changes do not occur from one day to the next. We must follow a short-term economic policy."

"Harsher" Measures in the Eastern Countries

Speaking on the situation that prevails abroad, Arsenis said that many European countries have applied measures similar to ours and that in the eastern countries the measures are even harsher.

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CSO: 3521/131

PAPANDREOU SCORED FOR POLITICAL STANCE AT PEACE MEETING

Athens MESIMVRINI in Greek 15 Dec 82 p 3

/Article by columnist Dialektikos: "Back to Chamberlain"

/Text/ Very beautiful what Papandreu said at the International Conference for a Non-Nuclear Europe (a conference held in Athens without any European country taking part). He said among other things:

1. The peace movements are the only means of preventing war. "Whoever does not agree is declaring himself to be a warmonger."
2. The Russians are justified in worrying about the American Pershing II and Cruise missiles because their installation in Europe is like installing Soviet missiles in Cuba.

Bravo! The problem is that Papandreu's actions in the area of Greek-Turkish relations are in complete disagreement with these beautiful arguments.

Indeed, if the peace movements are the best guarantee against war why do we spend billions for our national defense and do not limit ourselves to two or three demonstrations with placards, doves and other such peace-loving things? Why don't we organize some congresses and conferences such as the one held in Panteios /School/ leaving to the Turks the nonsense of armaments? Why do we insist on the 7 to 10 ratio for fear that our neighbors may get more weapons than we do? Why do we order frigates and Mirages from foreign countries, thus taking part in the international game of weapons trade instigated by the premier at the conference in Panteios?

You may say: But Turkey is threatening us, violating our borders while the Soviet Union has no evil intention against us and our northern neighbors are full of peaceful intentions.

The answer to this, of course, is that Turkey reassures us officially that it has no claim on Greek territory but that instead it is afraid of the Greek aggression. Therefore if we disarm the islands of the eastern Aegean, which are very close to the Turkish border, would not that be a proof of our peaceful intentions?

By maintaining strong forces on these islands, are we not doing the same thing that Reagan does with his European missiles (or what the Soviets would do if they installed missiles in Cuba)?

According to Papandreou, whoever does not believe in the peace movements "declares himself to be a warmonger." Then why does he not resolve the difference between Greece and Turkey with a nice peace movement? Why does he not imitate the late Chamberlain who came back from Munich with his umbrella believing that he had appeased Hitler who at that time was talking about peace while preparing for war?

Are the European people stupid when they spend so much money for their armaments even though it would be enough to have a few demonstrations to make the danger of war disappear?

Of course the premier was speaking only of the nuclear and not the conventional war. But the issue is whether the Greeks want to remain free or prefer to survive at any cost. When one places freedom above all else it does not matter if the danger comes from conventional or nuclear weapons. Let us suppose for a moment that Turkey possessed nuclear missiles and we had only some guns from the last war. Would we limit ourselves to "peace movements," or would we try to find by all means nuclear weapons? And would we believe that the Turks would be emotionally affected by our peace demonstrations when they could turn us into dust in two minutes? Even small children know the fable of the wolf accusing the lamb of trying to eat him up...

And something else: Papandreou often says that we are not threatened from the north but instead we are threatened by the Turks. Did he ever stop to think why we are not afraid of the north? Does he really believe that if we were out of NATO our territorial integrity would be secure? That we would not have the fate of Poland or Afghanistan? Or, does he think that if we were out of NATO we would be able to deal better with Turkey?

Let us stop these unrealistic distinctions between nuclear and conventional dangers. The recent tragedy of Lebanon showed that a war with conventional weapons can destroy a small nation as much as a nuclear war. With one difference: nuclear weapons are a very strong deterrent to war. This is the reason why the Europeans want them--not because they are or "declare" themselves to be warlike.

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CSO: 3521/131

CONTINUING NATO MEMBERSHIP SEEN PREFERRED BY USSR

Athens EPIKAIRA in Greek No 750, 16 Dec 82 p 18

[Text] Many questions are being asked lately because of the repeated "caressing" of the Greek government by Moscow. These questions are related to the critical phase the Greek-American talks on the bases have entered and to the difficult period that is starting in the relations of the government with the working people because of its "realistic" incomes policy announced a few days ago by Minister of National Economy Ger. Arsenis. These two issues although they may appear unrelated to each other have a common feature. They affect more than anything else the compass of the Soviet policy toward our country, as it is expressed directly in the relations between the two states and indirectly, through KKE, in the sector of our domestic affairs.

Moscow's "flirting" with the PASOK government is shown lately with unusual frequency and warmth, especially in the form of praise every time the Greek government strikes a "false note" in the western "chorus." The "vetoes," "objections" and "reservations" from the Greek side in the councils of NATO and the EEC achieve special significance for Moscow especially when they touch on "sensitive" issues of Soviet policy such as Poland, Afghanistan, the armaments of the superpowers or controversial international issues such as the Palestinian question. This is because our country as a member of NATO and the EEC not only has gained considerable weight on the international stage but, moreover, when it disagrees it splits the unity of the western camp since it can lead to blocking a significant decision, thanks to the democratic structure and functioning of the two major western organizations which have established the principle of unanimity on critical policy matters.

Abuse of Power

This view expressed by leading personalities of our political life has special significance. There is no doubt that the "theses" of the Greek government on critical international issues such as Poland, Afghanistan or the nuclear question would be without value in the international political stock exchange if our country were not a member of EEC and NATO. According to those leading personalities the present Greek government draws its international influence exclusively from its capacity as a partner of the Western Alliance, and it so happens that it uses this capacity with abusive frequency against the common interests of the West.

Moscow's repeated "caresses" are assessed in this spirit; Moscow certainly prefers Greece to be an "undisciplined" partner of NATO and EEC than to be an independent or neutral country whose weight internationally would be determined by its small size and population of 10 million.

It appears, then, according to these assessments, that the Soviet Union appreciates the "contribution" of our country to the councils of the Western Alliance so much so that Moscow is prepared to impose on KKE a tolerant policy which will help the PASOK government to pass through the turbulent rapids of its income policy. It seems that so far this is the only payment by Moscow for the recent "false notes" of the Greek representatives in the "orchestras" of Brussels and Copenhagen. In fact, the premier in his private talks appears to be so confident that his "anti-popular" incomes policy will prevail that some of his associates let it be clearly understood that the PASOK-KKE "moratorium" has already been signed in Moscow during the long talk between Papandreu and Florakis and the brief exchange between Papandreu and Tikhonov at Brezhnev's funeral.

Commotion in KKE

The strange and unexpected fact is that these rumors and indications caused a serious commotion in the ranks of KKE; this uneasiness appeared especially intense on the eve of the 11th Congress of the party of the Extreme Left, which started on Saturday in Athens. In fact, the presumed difference of opinion appears to be somewhat contradictory since the "hard line" wing of Farakos shows signs of disobedience to the "directives" of Moscow, while the "moderate" group of Secretary General Florakis appears to conform to the "moratorium" with PASOK.

The first mass demonstrations against the "all-sided austerity" last Friday with the participation of more than 5,000 construction workers and 3,000 unemployed seamen gives a possible answer to this contradiction. Many KKE cadres consider as "political suicide" the effort to harness the popular reaction against the government's economic policy, while other leading members of the Extreme Left believe that this reaction will appear autonomously and independently of any partisan guidance.

The Limits of Tolerance

To all these views and assessments one could counter the argument that--not infrequently--the national and the partisan interests coincide, requiring the utilization of every international or domestic dispute. For example, in the critical phase of the Greek-American negotiations on the bases, the Soviet "praise" for our "heretical" foreign policy may be seen as a "bargaining advantage," just as the other side could use a possible KKE ceasefire on the controversial turn of the economic policy as leverage for imposing additional "anti-popular" measures.

The question is whether in charting such a policy [the government] has taken seriously into account and has counted the reactions and general repercussions here and abroad. The harsh income policy carries a very heavy political price which the government may be unable to sustain especially if KKE comes to help and imposes inactivity on the trade unions it controls. On the other hand, nobody can foretell the limits of tolerance of the allies toward the policy of a partner who undervalues his obligations, while at the same time and in every instance exhausts his rights...

KARAMANLIS-PAPANDREOU REPORTEDLY NOT SEEING EYE TO EYE

Athens EPIKAIRA in Greek No 750, 16 Dec 82 pp 14-15

[Excerpts] Disagreements have appeared at the top of the nation's leadership. In spite of denials--which anyway were not categorical--all indications show that the president of the republic and the premier are in serious disagreement on national and domestic issues. The president according to a report is again worried about Papandreou's "heretical initiatives" in the Alliance and in the EEC. He worries about activities which cause "mistrust and suspicion" in the other allies at a moment of tension between the two worlds. He worries about "heretical" activities which thrill the Soviets and "induce" the western allies again to embrace passionately the Turks, channeling to Ankara a cornucopia of aid and armaments.

In spite of the president's "advice," the premier appears to be determined to continue his "tightrope walking" possibly to secure KKE's tolerance, through Moscow, on the harsh economic problems the government faces.

An article in EPIKAIRA was used recently in a high level discussion on the country's foreign policy. The article commented on the shameless aggression of the state mass media and the PASOK popular orators who attack every western institution or person. "From every corner," we were writing, "from politics to the arts or music...they strike against the so-called western world. Everything in the west is dirty, ugly, murderous... If it is so, then why do we remain in this [western] world?" This was the general line of the article. The same words were used by [the president] in one more effort to "advise" the government on questions of foreign policy.

Roughly speaking, these "suggestions," as it appears from various sources, could be summarized as follows:

--The Greek government must define clearly at last its relations with the alliance and EEC. It cannot use the identity of the ally and partner just to cause problems in these two organisations especially when these problems are not related--or are ever in opposition--to the national interests. The identity of the ally and partner is a "basic national weapon" and must not be used for adventurist purposes.

--The government must also clear its position toward the allies, the partners and the spirit of these two organisations [NATO and EEC]. Are they our friends or are

they our enemies? If they are our friends, or at least not our enemies, then we must cut down these unbridled insults and slanders of every western institution, person, action, by the state news media. If the government finds our participation in these two organizations painful, let it follow the shrill suggestions of its followers and withdraw clearly from these two organizations, assuming at the same time the responsibility for its action which, according to the prevailing opinion, will have destructive effects on the existence of our nation.

--The state news media should highlight the positive aspects of our participation in NATO and EEC.

--The view "I hate and despise NATO" but I stay in for reasons of national security is no policy--it is dangerous and useless tightrope-walking, leading to unpleasant results.

Expression of Displeasure

According to information well known to the government, Greece's stand on Afghanistan and Poland created in the alliance a feeling of suspicion and uncertainty which, naturally, was strengthened by the Turks and their friends behind the scenes.

This "climate" worried President of the Republic Kon. Karamanlis and it seems that he expressed his uneasiness clearly to Papandreu during their meeting last Thursday. According to one report, this meeting of the two men was one of the most "difficult" since October 1981. Already the pro-government press had celebrated Greece's "declaration of independence" in NATO.

The Soviet newspaper SOVIETSKAYA GAZETTA characterized the Papandreu government as the "undisciplined" ally in NATO while it noted at the same time that Greece's reaction to the measures taken against the Soviet Union on Poland and Afghanistan and also on the nuclear weapons had infuriated the Americans...

Also a very friendly discussion between Papandreu and the Soviet Minister of Justice Terebilof had taken place previously.

It is not known what exactly was said between Karamanlis and Papandreu. There are reports, however, that Karamanlis noted once again the risks inherent in Papandreu's contradictory policy toward the alliance.

They Disagree

The newspaper ETHNOS in a banner headline on Friday noted a difference of views between the two men on domestic and foreign issues. It focused these differences on the following specific points:

--The Pershing II missiles on whose deployment Papandreu objected, bringing to NATO Tikhonof's warning that "a limited nuclear war cannot be controlled." Karamanlis presented his view that in the absence of general disarmament it is necessary to secure an equilibrium of forces in Europe.

--The policy of the EEC.

--The domestic, economic and other issues.

Karamanlis informed Papandreou on the views of French President Mitterand (who follows a much more conservative policy than the Greek premier) and of German Chancellor Kohl who faithfully follows the policy of the United States and who decided the other day to give large new military aid to Turkey. It is said that Kohl is the "most annoyed" among the European leaders because of the Greek stand on NATO.

Government spokesman Maroudas who was asked about the Karamanlis-Papandreou "disagreement" replied that "this is the opinion of the newspaper."

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CSO: 3521/132

PASOK DEPUTIES, MEMBERS REPORTEDLY UNWILLING TO JOIN GOVERNMENT

Athens I VRADYNI in Greek 20 Dec 82 p 1

/Text/ Deputies and former close party cadres of PASOK reject proposals by the premier to join the cabinet to help "restructure" again his 52-member government.

According to VRADYNI's fully verified reports, A. Papandreu has met in the last few weeks with certain deputies--some of whom served before in the cabinet--with whom he did not only discuss the situation but asked them to join the government.

According to these reports Papandreu received negative answers on both points. More specifically, those who were sounded out for ministerial posts rejected the proposal because they have not yet forgotten the way some of Papandreu's older political associates were thrown out or restructured.

But even those who discussed with the premier the PASOK future development apparently did not hide--this time at least--the real situation. They advised him:

1. To limit the activities of the "green guards" who not only overpower the government but often act for ministers and deputy ministers;
2. To introduce changes soon in all agencies and Legal Entities of Public Law as he had promised 6 months ago;
3. To use in his government members of parliament and to cut down to a minimum the number of (nonparliamentarian) technocrats whose large number is "a political affront" for PASOK. It is not acceptable, they told him, for a 50-member cabinet to have around 20 nonparliamentarians when the Movement has now some 170 members in the Chamber of Deputies.

Papandreu's interlocutors--according to the same reports--suggested that he move immediately to implement this measure because to let this situation go on will not only intensify the intraparty distrust and disillusionment but will also lower the prestige of Papandreu himself, both as premier and as the leader of PASOK.

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CSO: 3521/130

KKE POLITICAL BUREAU, PROGRAM ANNOUNCED

Athens TA NEA in Greek 20 Dec 82 pp 1, 11

/Excerpts/ The 11th Congress of KKE ended with the election of a new 11-member Politburo /PO/ instead of a 15-member PO as in the past. The new Central Committee elected by the KKE delegates Saturday evening reelected Secretary General Kharilaos Florakis who made certain changes in the PO composition, reducing the regular members to nine and the candidate members to two.

The new Politburo does not include Kostas Loules, D. Tsambis and Mina Yiannou (who were regular members) and Gerasimos Georgatos and Nikos Kyriakidis who were candidates. Elected as a regular member was Dimitris Sarlis and as a candidate, Orestis Kolosou. Thus the composition of the new Politburo is:

Kharilaos Florakis, Nikos Kaloudis, Grigoris Farakos, Kostas Tsolakis, Roula Kourkoulou, Loula Logara, Dimitris Gondikas, Andonis Ambatielos and Dimitris Sarlis, regular, Takis Mamatsis and Orestis Kolosov, candidates.

More Flexible

According to KKE sources, the reduction of the Politburo membership was decided to make this organ more flexible while the nonparticipation of K. Loules and Mina Yiannou is due to health reasons. With regard to the new Central Committee elected by the congress nothing was made public on the number of members and its composition.

Florakis

KKE's program, as summarized by Florakis in his speech, includes the following points:

- To abolish the privileges of the foreign and domestic monopolies;
- To have the government move on with productive investments;
- To nationalize the strategic branches of the national economy;
- To improve the living conditions of the working people, to protect the national market, to secure truly the public participation, to move forward the complete and genuine democratization in all sectors;

--To move on to the immediate removal of nuclear weapons;

--To move on with the withdrawal from the military wing of NATO in the process of complete disengagement.

--To define a brief and specific time-table for the complete removal of the American bases;

--To open the processes for the disengagement from the EEC of the monopolies.

As Florakis said, the congress placed as a primary duty the making of an even greater contribution to the struggle for peace and detente.

"We," Florakis said in his speech yesterday, "will make every effort to have the Greek people contribute more widely to this common universal cause."

Referring to the Greek peace movement, Florakis said that this "cannot have limits within the people."

"There are," he added, "common immediate goals which concern more specifically our country such as the throwing out of the nuclear weapons, the denuclearized Balkan peninsula, the peace and cooperation in the Mediterranean."

Finally, with regard to KKE, Florakis underlined that it is not enough to merely increase its membership numerically.

"Today," he said, "we must raise the level of the quality of our work. We must be more demanding on ourselves, more demanding on our contribution."

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CSO: 3521/130

PAPANDREOU SEEN LOSING POPULAR CONFIDENCE

Athens MESIMVRINI in Greek 20 Dec 82 p 1

[Editorial: "Countdown for Papandreu"]

[Excerpts] The countdown for PASOK started some time ago. Very few disagree with this assessment but the opinions differ on the starting point, the cause and the extent of this gradual shrinking.

The theoreticians among the observers (and possibly the more lenient to specific members of the cabinet) place the beginning of the downslide at the very moment PASOK came to power. From that very moment when, they say, this vague domestic socialist "movement" became the governing party it was condemned to disappoint its followers continuously because, as shown by its electoral triumph, it had fed until then so many (and in many respects dissimilar and conflicting) expectations that not only their total implementation would prove impossible but even partial satisfaction of some would mean each time the negation of others.

Other more empirical observers insist that PASOK "missed the train" of wide popular support (and of the enthusiasm that was necessary for his ambitious plans) during the first 3 months in government. When, that is, it was fully proved that he had neither worked out the drastic solutions--as he had implied--during his long preparation for power, nor even the advertised program of the 100 days, with which--as he claimed--the "Change" would immediately transform the face of the country.

Whatever doubts one may voice about all this, whatever opposing argumentation may be advanced--that PASOK lost public appeal because of the above reasons but it benefited from others (which one we wonder; not visible to the naked eye)--the fact is that the leader of the movement himself has formalized sealed and incorporated the countdown of his popularity. Speaking Thursday evening on TV to the Greek people (with the intention of encouraging them and rallying them to the policy of austerity and of the sacrifices needed to deal with the economic storm) Papandreu was not simply depressed, melancholy, tired, worried or languid. As some said: He was a different man.

He was a different man from the fierce accuser and at the same time sweet visionary who with great care (and the necessary theatrical acting) combined the two in every public appearance; he was a different man from the captivating orator

he always tried to be; he was different from the enthusiastic people-rouser he had appeared to be even to his opponents; he was a different man from the premier who was full of self-confidence and force, as he was relentlessly presented by the government propaganda--with the electronic brainwashing--the most massive (propaganda) ever attempted in Greece.

Last Thursday, in front of hundreds of thousands of viewers, Papandreou went back to an older, forgotten self: to the professor of economics who tries to explain a difficult subject to an uninformed audience, doubting himself as a scientist that he knows fully all the aspects of the problems involved and the effectiveness of the proposed solutions. Thus even his phraseology had dramatically changed. The word magician of oversimplification resorted to expressions and terms which not only do not persuade, not only are not surrounded by the charming mist that covers generalities and painful question marks, but also incite anger since they are difficult to understand and at the same time disheartening. (The "time differentiation" and "retrogression" among the most pronounced verbal blunders of the premier's speech have already passed into the jurisdiction of the cartoonists and the coffeshop analysts...).

Those who had the biggest "shock" from Papandreou's pitiful appearance were not the viewers who do not belong to PASOK. They were his fanatical followers and supporters and admirers, those who felt a chill from the disillusion. And they constitute the vulnerable material in which the destructive questions begin to take root. And these facts in the last analysis and beyond question set the timing for PASOK's countdown.

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CSO: 3521/130

BRIEFS

CRITICAL VIEWS AT KKE CONGRESS--At yesterday's second session of the KKE 11th Congress a number of delegates criticized the organizational activities of the party. In particular, Marangoudakis, delegate of the Athens Communist Organization, proposed that with the exception of the secretary general, no member of the Politburo should participate in the KKE Parliamentary Group "so that the comrade deputies will have more time for parliamentary work." Criticism was also expressed at the way certain cadres follow guidelines, while the phenomenon of not recognising mistakes was underlined. The party's paper, RIZOSPASTIS, did not escape criticism. One speaker said that "despite the contribution of comrade journalists, the publication failed to become the newspaper of the broad masses which follow our party." [Text] [Athens ELEVTHEROITYPIA in Greek 16 Dec 82 p 1] 7520

KKE-KOMSOMOL MEETING--The delegations of the Leninist KOMSOMOL and of the Committee of Greek Youth Organization [KMO] in the USSR met yesterday in Moscow in a spirit of comradeship. Present at the meeting were KMO Central Council Secretary Spyros Khalvatsis as a guest of KOMSOMOL on the occasion of the USSR's 60th anniversary, KOMSOMOL's First Secretary Victor Mishin, KMO President Vladimir Arionov and KMO Vice President Genadi Varokouta. [Excerpt] [Athens RIZOSPASTIS in Greek 24 Dec 82 p 12] 7520

CSO: 3521/139

PAPER CLAIMS GOVERNMENT HAS GIVEN UP ATTEMPT TO RULE

Reykjavik MORGUNBLADID in Icelandic 15 Dec 82 p 16

[Editorial: "A Policy is Lacking"]

[Text] The government no longer has a program--it is policyless and lacks the political vigor to deal with Icelandic problems. The consequences of this are clear everywhere--since 1 December an economic policy is lacking, there are differences between the members of the government on indexing. The minister of Industry is in the minority on aluminum and it appears that there is deep division within the government on electoral redistricting. Olafur Johannesson, minister of foreign affairs, said at the Progressive Party meeting on Monday the People's Alliance opposition to Progressives on redistricting "has, for some time, been considered a government dissolution issue." But, to be sure, the Progressives will not destroy the coalition over the redistricting issue. They lack the political guts to do it. No more will the communists abandon the government on account of aluminum, even though their continued presence in the government represents, in fact, the insecurity of that emblem of "national solidarity" himself, Hjorleifr Guttormsson.

There was a political judgement in the discussions of Olafur Johannesson on redistricting when he said that it would be the same as political suicide for progressive Party Althing delegates to come out against any increase in the number of Althing delegates as a way of adjustment under present conditions. Who is Johannesson directing his words to? No other than Halldor Asgrimsson, vice-chairman of the Progressive Party, who said on 25 October 82 in the Althing, when coming out against proposals to increase the number of Althing delegates, that "It is, on the other hand, proof of perplexity and irresponsibility to seek to solve problems by continually increasing size..." The Progressive Party lacks a coordinated policy no less than the government. It is a leftist or moderate party? The present party chairman, Olafur Johannesson, has hinted again and again in the past that the Progressive Party is like drifting flotsam. He criticized Steingrims Hermansson at the party congress for having supported the formation of unsuccessful governments and now he thinks the party vice-chairman to be the leader of a political suicide squad. On the surface there seems to be a policy on the part of Halldor Asgrimsson to get rid of the Reykjavik people in the Progressive Party Althing delegation. But that can't be his intention, or is it?

It creates a fine state of affairs in a democracy when the national government becomes a vacuum and when those persons participating in it cease to provide national leadership and likewise refuse to take the consequences for their acts by leaving office. This is the situation in Iceland. Has this not been the goal of communists and enemies of democracy throughout the world? And in such an atmosphere many think the best thing would be to start a political circus. These trends must be resisted and the best way to do this would be to raise politics and government to their proper level--but can the politicians agree about that?

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CSO: 3626/20

PCI'S PAJETTA ON WARSAW PACT OFFER, PCI POLICY

AU072019 Belgrade Domestic Service in Serbo-Croatian 1800 GMT 7 Jan 83

[Interview with Giancarlo Pajetta, member of the directorate of the Italian Communist Party by Branislav Canak, date and place not given--recorded; answers by Pajetta in Italian fading into Serbo-Croatian translation]

[Text] [Question] Comrade Pajetta: The past year has left us extraordinarily unsettled international political and economic relations. How do you assess the possibilities for getting out of this situation?

[Answer] I hope that the Soviet Union's latest offers are not only a wish, but rather positive efforts aimed at disarmament. What is even more positive is that, following the first hard reaction of the Americans, there has come a certain softening of positions. At least where the need for a dialogue is concerned. We do not believe in miracles but we are convinced that a dialogue is absolutely necessary to achieve results.

[Question] What should the communist, workers and other progressive political forces do to reduce tension in the contemporary world?

[Answer] It is necessary to unite our forces without thinking about the individual class interests and ideological differences in order to guarantee peaceful coexistence and detente. Without this we will not be able to wage a political struggle. Otherwise, a catastrophe or fear of a catastrophe, which would make life difficult or impossible, would threaten us.

[Question] Within this context, what are the basic messages of the draft charter of peace and development of the Italian Communist Party?

[Answer] We believe in the necessity of a new international economic order. Because of general poverty the poorest countries can no longer contribute to the enrichment or, to say the least, to the higher standard of living of the richest countries. We all need a uniform development. The possibilities must be found to overcome the tendency that the one who possesses power uses it in such a way that in the end it cannot help him either. I am saying this while fearing a revival of imperialism, colonialism and a return to the positions of employing the policy of force.

We are convinced that social justice, progress and peace would remain empty words if all of us were not working on these fronts.

[Question] The political document adopted last November which represents the basis for discussion at the coming 16th congress of your party stresses that a new period is beginning in the struggle for socialism. What are the basic characteristics of this period and what kind of methods of struggle are called for?

[Answer] We believe that to implement and bring about socialism it is indispensable that we all cooperate and agree and that we bear joint responsibility. We must bring about what you call self-management. However, it is not enough only to define self-management and to write about it in programs and manifestos. It is necessary for self-management to come to life. I am speaking about this because you know what a difficult road this is.

[Question] In conclusion, Comrade Pajetta, what do the Italian communists expect from the coming congress?

[Answer] I can say that what we expect from the congress is that all members of the party, as well as those outside the party, all Italians will be aware of the fact that we adopted a policy of autonomy, independence and progress for the whole country. In the difficult moments in which our country has found itself, we wish to defend with all our forces the interests of workers, who are particularly threatened today. We admit that we live in critical times but we do not allow that capitalists should solve the crisis in the old way, in such a way that they transfer the burden of the crisis to others, particularly to workers. We are prepared to make sacrifices but it is precisely those who are forced to make them daily that have the right to demand that, at the time of crisis at least, sacrifices should be made by those who have thus far lived at the expense of others.

CSO: 2800/105

PARIS MEETING TO RECAST RELATIONS IN POSITIVE LIGHT

Madrid EL PAIS in Spanish 10 Jan 82 p 12

[Text] The Spanish Foreign Minister declared to the French AFP that "France continues to be Spain's principal interlocutor in Europe." Moran today goes to Paris with Minister of Economy Miguel Boyer and the Secretaries of State for European Community (EEC) and Commercial Relations, Manuel Martin and Luis Velasco, at the invitation of the French Government. Moran believes that the time has come to recast relations between the two countries.

The Spanish diplomatic chief explains that the idea behind this meeting sprang up during the conference that he attended weeks ago in Brussels with his French colleague Claude Cheysson and that recently the latter proposed to him by letter a meeting either in Paris or Madrid, with certain economic officials so as to push ahead with a general review of Spanish-French relations.

Since this approach does not have a specific agenda, the Spanish Foreign Minister pointed out the topics to be raised by the Spanish delegation: "First, an analysis of our bilateral relations, then an exploration of the plausible ways for possible economic and industrial cooperation, the major issues with respect to Spain's current position in the Atlantic Alliance, the possible coordination of our foreign policies in Europe, the Maghreb and Latin America as well as, undoubtedly, the status of our negotiations for entrance into the European Community."

Moran's view is that the overall status of Spanish-French relations is not as gloomy as the media of both countries occasionally paint it. He affirms, "Clearly, there are some points of difference and certain irritants on one side or the other, but there is no need to exaggerate the negative aspects."

As to the report that France may be able to play a part in Spain's integration into the European Community, Moran seems to endorse the traditional arguments of Paris as to basing the Community's development on interdependence and revising its agrarian and budgetary policies. French Foreign Minister Claude Cheysson recently confirmed this when he stated before a group of reporters that "the Spanish idea of the Common Market resembles our very closely." Cheysson made this statement following his meeting with Moran in Brussels, from which he emerged "very impressed." Moran, for his part, affirmed that the meeting with his French colleague had been one of the most satisfying of his entire diplomatic career.

The Spanish Foreign Minister recognizes that the cooperation of French authorities in the struggle against ETA terrorism has improved markedly; nonetheless, it is still not satisfactory. "The process of improved cooperation that began with the socialist electoral victory in Spain continues to assume a more definite shape, no doubt spurred on by the manifestations of terrorism in France."

The minister noted that Spain, on the other hand, respects and is not insensitive to the homeland tradition but, he said, "We think that this tradition and those value are compatible with cooperation between states and law enforcement in an effort to put an end to something that has no justification, such as the ability to mount an attack from one democratic country against the territory of another democratic country or to collect 'revolutionary taxes' there."

Both foreign ministers advocate institutionalizing the periodic contacts between the socialist governments of both countries. Moran believes that the concurrence of socialists in power is not as important for good understanding as the fact that the international currency of Spain is seen as strengthened with the establishment of a strong majority, amounting to a confirmation that this is a politically stable country.

CSO: 3548/71

AUTONOMY IN LEON FANNED AS ELECTION ISSUE

Madrid EL PAIS in Spanish 10 Jan 83 p 13

[Text] The intention to separate Leon province from the Castillian-Leonese pre-autonomy region has sparked dissension in the UCD of this province. UCD provincial leader Martin Villa has called for a Wednesday extraordinary session of his party's executive and provincial deputies.

The former UCD minister yesterday informed EL PAIS of his intention to halt the process started by Committee Chairman Julio Cesar Rodrigo, who surprisingly, during the most recent plenum, came out in favor of a "separation" similar to that championed months ago by the Segovian politician Modesto Fraile. The strategy of the Leon Committee appears to be backed by the AP, on condition the rest of the parties all qualify as election runners, including Martin Villa himself. According to Villa, the proposal of the current Committee Chairman, who is militantly UCD but is regarded as being close to Alfonso Osorio, lacks legal validity and, in the event of its adoption, "would give a painful political impression" of the UCD.

Martin Villa did not hesitate to describe it as "pure electioneering" and observed that, in spite of his bent to ally himself with the AP, he is not prepared to waive the integration of his own province in Castile. This last issue, according to him, engenders a concept of autonomy beyond ideological issues and upon which the very ability to govern the state depends. Thus, it must not put into effect for partisan reasons. Martin Villa accused the AP of bringing up "trivial" allegations before the Congress regarding Leon holding the autonomous Duero River Valley. He took the stand that these allegations lacked the prospect for success and, in point of fact, during the previous legislature, Fraga's party did not officially tender any proposal in this regard.

In tandem with the stand of Martin Villa to stop internal dissension in his own electoral district, PSOE Secretary for Castille and Leon, Juan Antonio Arevalo, told this paper that the socialists will invite the rest of the parties represented in parliament--AP, UCD, CDS, PCE--to a debate on regional autonomy which will likely take place on the 17th in Valladolid. Arevalo, who said he questioned Villa's position in the controversy, called upon Villa and Manuel Fraga to explain their respective plans for political autonomy. He also accused them of promoting "provincial" electoral campaigns in order to avoid substantive debates on the governing of the regions.

The controversy over Leon controlling the Castille-Leon General Council is occurring on the eve of the extraordinary plenum--to take place on the 14th in Salamanca--during which the current chairman, Jose Manuel Garcia-Verdugo (UCD), will present himself for reelection with the support of his party and the Popular Alliance, thereby further deepening the joint strategy of the two groups.

The overall interpretation of the current autonomy controversy in Leonese political circles is as a ploy by electoral runners to reduce PSOE votes in the municipalities by exploiting anticastillian sentiment in a sector of the population that equates regional consciousness with the geographic boundaries of the province.

The uniprovincial autonomy option, which the Committee is now defending, has been championed in recent years by a bunch of small, nondescript groups with hardly any representation, among them the Leon Regional Party (PREPAL) and the Bierzo Party. These groups have traditionally attached themselves to the AP, which, in turn, the Left has accused of defending petty tyrannical interests.

CSO: 3548/71

EUROPEAN REACTION TO CENTER-EUROPE ZONE PROPOSAL VIEWED

Stockholm DAGENS NYHETER in Swedish 27 Dec 82 p 6

[Article by Harald Hamrin]

[Text] The Swedish government's proposal for a nuclear-free zone in Central Europe did not have a good beginning. "It was all too quick," a Swedish diplomat said to DAGENS NYHETER, and another source openly admits that it went "awry publicitywise."

The first official reactions have also been cool and the press reaction little and meager. But the question of a zone is still "pertinent," seen from the long-range view, and it is too early to write off the initiative as a failure.

This evaluation, based on diplomatic and political sources with whom DAGENS NYHETER has talked on various press commentaries, can be made now that the Swedish proposal has "settled" after a couple of weeks.

It was on 8 December that the Swedish government made the inquiry to the foreign ministries in the capitals of both military alliances, NATO and the Warsaw Pact, as well as in the neutral countries of western Europe. The question was how a nuclear-free zone in Central Europe would be viewed.

The zone would according to the proposal of the Swedish government consist of a 300 kilometer wide corridor on each side of the border between West Germany and East Germany and Czechoslovakia respectively. All tactical, so-called battlefield, nuclear weapons with a short range would be prohibited in this corridor. The establishment of such a zone would be coupled with an agreement on "equality" between the two alliances in regard to conventional forces.

The first official reactions from the different NATO capitals have been, as DAGENS NYHETER has been able to check out so far, wait-and-see or more or less openly negative.

Strong Sympathy

The West German Social Democrats have, however, a clearly positive position regarding the Swedish initiative. One of the leading security experts of the Social Democrats, the opposition party, Carsten Vogt, a member of parliament, says to DAGENS NYHETER that within his party "sympathy is very strong" for the Swedish proposal.

"The stock-piling of tactical battlefield weapons in Central Europe is a real problem," he says. "Their presence would lead in case of war to nuclear weapons being introduced very early in the conflict."

The Swedish proposal if it materialized would, according to Vogt, constitute "a concrete step" towards a reduced dependence on the part of NATO on tactical nuclear weapons.

Too Quick

Yet it is apparent that the Swedish move did not receive the reception which had been hoped for on the Swedish side. For example, press reactions have been on the whole few and only in exceptional cases clearly positive. Hardly anything has been written in the Dutch and Belgian press on the Swedish initiative. The tone in West Germany has been scoffing. The comment in Denmark and Norway has been overwhelmingly negative. Only in Finland the press voices have been more positive.

A Swedish source admits openly that "publicitywise" it has "gone awry."

One reason for this might be that the Swedish move came very suddenly and without the usual preparation. It went "all too quickly," a Swedish diplomat in a NATO capital says to DAGENS NYHETER; and another foreign ministry source says that "in any case, it came quickly."

Irritation

According to what DAGENS NYHETER has learned from several different sources in the foreign ministry, the initiative for the Swedish move originated directly with Prime Minister Olof Palme and his office. Foreign ministry personnel were brought into the diplomatic preparations only a few days before Wednesday 8 December- the day the proposal was submitted to the departments in the recipients nations.

Certain information indicates that Prime Minister Palme started up "the machinery" as late as on the weekend prior to 8 December.

Not even Foreign Minister Lennart Bodstrom, who was on a visit to Reykjavik, was fully informed. According to what DAGENS NYHETER has learned, he was informed that instructions to the Swedish ambassadors involved had already gone out during his absence, only on the very same day that the Swedish notes were delivered on 8 December, hours after his arrival in Stockholm.

Diplomatic sources within NATO also express in conversations with DAGENS NYHETER their irritation over the Swedish course of action.

"If one wants to make a probe of this kind, one does not act in the way Sweden has," one source told DAGENS NYHETER. "One begins with confidential oral conversations, not with a hasty diplomatic communique."

6893

CSO: 3650/85

LEADERS GIVE VIEWS ON LATEST SOVIET ESPIONAGE AFFAIR

Criticism Voiced

Stockholm DAGENS NYHETER in Swedish 27 Dec 82 p 6

[Text] "It is quite clear that I shall visit Moscow next year, but the exact time has not yet been fixed."

That is what Pierre Schori, undersecretary of state for foreign affairs, says to ITT.

He does not wish to express an opinion as to how the latest Soviet Russian espionage case in Sweden may affect relations between Sweden and the Soviet Union.

"Soviet Russian interest in Sweden has been quite pronounced recently, and it appears that intelligence activities are being pursued quite ruthlessly," says Gosta Boheman (Conservative), a member of parliament.

"The new spy case is an indication that we are not living in the peaceful world as portrayed here and there, and that the conflicts between the great powers can affect even us.

"Consequently, I am strongly critical of the way the peace demonstrations are conducted, which I believe reduce the preparedness which people in the west must maintain even in peacetime. The only ones who profit from these peace demonstrations are the Eastern [tr. note European implied] states which do not permit peace demonstrations within their borders."

"Each one of these kinds of incidents naturally puts a strain on the relations between the countries involved, and this is also the case in this situation," says Karin Soder (Center Party), a member of parliament.

"Here as elsewhere one must protest against the way the great powers capitalize on their advantage over smaller states. It is gratifying that our security service is working very hard to detect these things. The satisfaction is not less because this time the incident was detected by the observation of a single individual."

"I don't know what they have been up to, but I proceed from the fact that the decision to expell them is justified," says Ola Ullsten, the leader of the Liberal Party. "This is not the first time that we have been forced to intervene in this way against Russian diplomats, which is deplorable."

Ullsten Statement

Stockholm DAGENS NYHETER in Swedish 29 Dec 82 p 12

[Text] "It is disturbing that the government has not, with a single word, revealed the background as to why two Soviet diplomats have been expelled. Nothing has been said either to substantiate or to deny that an additional Soviet citizen is involved."

This is the comment Ola Ullsten, the leader of the Liberal Party, made on Tuesday in connection with the latest spy case.

"Consequently, it is still unclear whether this person is also a diplomat and has been expelled, or is an individual without diplomatic immunity. In that case the individual, if he has committed a criminal act, should be brought before the court in Sweden," Ullsten said.

6893

CSO: 3650/85

VPK ORGAN COMMENTS ON SPY AFFAIR, OVERALL RELATIONS WITH USSR

Stockholm NY DAG in Swedish 30 Dec 82 p 2

[Editorial: "Sweden-USSR"]

[Text] There has been a considerably cooler climate than normal between Sweden and the Soviet Union ever since the Soviet submarine went aground in the Karlskrona archipelago. It was an incredibly serious violation, after which extraordinary efforts on the part of the Soviet Union would have been needed to restore the situation to normal.

Instead, a new case of Soviet intelligence activity in Sweden was revealed-- we are referring to the current industrial espionage. (We cannot take a stand on what happened in Harsfjarden in this context, since the navy staff has still not disclosed the nationality of the submarines.)

But it is important to bear in mind that after the submarine affair, the bourgeois government did not lift a finger to improve relations. Even the injured party should take the long-range view when it concerns international relationships. That is not what the nonsocialists did.

On the contrary. SAPO [Swedish Security Police] conducted a mysterious action to expel a Soviet diplomat from Sweden. This person was labeled an "influence agent," one of SAPO's newly-created categories for undesirable persons.

On top of that is the tedious and primitive campaign that is waged in the Swedish mass media against almost everything that happens in the Soviet Union and against what the Soviet Union does internationally. The material in this campaign is often based on American models, which are disseminated as "news items."

The bourgeois government is gone and it is good that the new undersecretary in the Foreign Ministry, Pierre Schori, went ahead with the earlier planned visit to Moscow, disregarding the demonstrative anti-Soviet policy that was recommended by the bourgeois press and moderate politicians. Their line is directly injurious to Sweden.

It is true that due to the new U.S. strategy in Europe, Sweden has been placed in the intersection between the two blocs to a much greater extent than in the past.

This new situation is serious enough as it is. It should not be made worse by right-wing demonstrative policies. On the contrary, it calls for maintaining correct relations with the Soviet Union and--equally important--restoring confidence in Sweden's freedom from alliances, which has been undermined during the bourgeois government years.

6578

CSO: 3650/91

SOVIET KGB DEFECTOR DISCUSSES ESPIONAGE ACTS IN SWEDEN

Stockholm DAGENS NYHETER in Swedish 23 Dec 82 p 6

[Article by Staffan Teste]

[Text] Sweden is one of the main targets of Soviet espionage. The Soviet Union uses primarily Swedish citizens of Baltic origin, i.e. refugees from Estonia and Latvia. Since the early 1950's, there has been a Latvian attache or Estonian consul at the Soviet Embassy in Stockholm.

This claim was made by Imants Lesinskis, a KGB officer who defected to the West, in a letter to DAGENS NYHETER. The letter to DAGENS NYHETER is Lesinskis' first direct statement to the Swedish mass media since he defected in New York in 1978. Lesinskis, who served as a minor official in the Soviet United Nations delegation in New York, actually was a KGB officer and party secretary and, thus, the highest ranking official in the entire Soviet delegation at United Nations headquarters in the United States. Lesinskis has not stated clearly whether he was a major or a colonel in the KGB.

Underground

When Lesinskis defected with his wife and daughter, the American intelligence service, the CIA, helped him go underground immediately. He decided only recently to make statements to the mass media. Last summer Lesinskis agreed to participate in a TV interview in West Germany. This interview will be shown on Swedish television in the near future.

DAGENS NYHETER asked Lesinskis several questions in connection with the espionage case in Sweden when the Latvian vice-consul Albert Liepa was deported. Lesinskis described Soviet espionage in Sweden as follows.

Officials

"Both Estonian and Latvian officials at the Soviet Embassy in Stockholm are recruited among either KGB personnel or the many KGB informers among the Soviet people."

"Albert Liepa and Nikolai Neiland (Latvia's vice foreign minister who in early 1982 was forbidden by Swedish authorities to visit Sweden because of his alleged espionage and infiltration activities) were KGB informers. A former

employee of the Soviet Embassy in Stockholm, Gunnars Lapins, was a KGB member."

"Nikolai Neiland has been a KGB informer for many years," Lesinskis said. He had a kind of love affair with Sweden. He is "almost a Swede," but despite this he is capable of guiding Soviet nuclear weapons toward Stockholm or Uppsala, according to Lesinskis.

The KGB had many assignments in Riga, including spreading misinformation about the Soviet Union in Sweden. One of the KGB's targets during the early sixties was a Swedish writer who wrote about Latvian history.

9336

CSO: 3650/83

POLITICAL

SWEDEN

BRIEFS

VPK'S WERNER ON POLAND--"A year has passed since martial law was proclaimed in Poland. The necessary democratic and socialistic process of renewal was brutally crushed by the military. This past year has led to increased polarization in the Polish society and to continued crises." This was stated by Lars Werner on the day that marked 1 year of martial law in Poland. "Martial law must be abolished entirely, all political prisoners released, and the labor movement permitted to act freely. The way out of the crisis is through dialog and mutual understanding among all political and social forces, which must be permitted to speak freely," Lars Werner said. [Text] [Stockholm NY DAG in Swedish 15 Dec 82 p 3] 9336

CSO: 3650/83

MUMCU EYES CRITERIA FOR ESTABLISHING POLITICAL PARTY

Istanbul CUMHURİYET in Turkish 28 Nov 82 pp 1, 11

[Commentary by Ugur Mumcu: "Criteria..."]

[Text] How will the parties be established? What will the "center party" be? How will the criteria distinguishing the rightist party from the center party and the leftist party from the center party be determined?

Well, there is an easy way. First we get a compass and draw a circle thus: The place where the point of the compass touches the paper is the center. After drawing the circle with the compass, we draw the radius of the circle. Then we strike angles from this radius using a square. If we strike a 90-degree angle from the radius, it will form another radius within the circle, since the center is the starting point of the various angles.

Fixing the angles and determining the scale are very important. The angles and scale must be in harmony with each other. An acute angle or an improper scale would hinder the development of political parties.

In addition to the compass and square, we have to use a ruler marked off in millimeters. The ruler will be used to set the criteria for the center party and for the parties to the right and left of the center. For example, the party to the right of the center party will be 45 or 60 degrees as measured from the radius of the circle we have drawn, and if we take the center as zero, the party of the right will be 2.3 centimeters from the center.

Further, a projection will be drawn from a line parallel to and 3.7 centimeters from the radius and points marked 3 and 5 millimeters to the right and left of the center, and this projection will fall right on the midpoint of the rightist party's 45- or 60-degree angle. More than half the angle, 2 millimeters beyond this point, would be contrary to the constitution. A parallel line will be drawn following the same angle as between the center party and right party, and projecting points will be determined.

Defining where the "extreme left" and "extreme right," and likewise the "extreme middle," begin and end is somewhat difficult.

For the party to the left of the center party, in addition to the compass, square, and ruler we already used for the party of the right, we will need a nautical compass, a telescope, a contact lens, lenses of various strengths used in eyeglasses for correcting near- and far-sightedness and astigmatism, a thermometer and an eraser.

The left party will be 2 millimeters to the left of the point set as the center party. Between zero and 1 degree left of this point, 2 millimeters to the left will be accepted as the crime of "one social class establishing domination over other social classes." This point--2 millimeters to the left--will first be viewed with the naked eye and then again with the contact lens and still later the same point will be studied at length with the assorted eyeglass lenses for near-sightedness, far-sightedness and astigmatism.

What will be done with the telescope, you ask?

Well, this 2-millimeter point will be viewed from a distance with the telescope. With the telescope, we may ascertain how the millimeter scales look from afar and whether or not a 0-to-1-degree angle looks the same from various points.

Well, then, you may ask, what good will the nautical compass do?

The compass has great importance in a free, democratic multiparty parliamentary regime. As is known, the compass indicates four different directions by means of a magnetic needle. When we place the compass above the 2-millimeter spot designated for the left and observe which direction the magnetic needle points, we can understand whether this party or the left is inclined toward the north, the west or the south. The thermometer will determine the temperature arising from the air currents at this 2-millimeter spot. If extreme currents appear at this 2-millimeter spot, it will immediately gain importance due to the air changes at the site.

If you are thinking, "It is not clear what purpose the eraser will serve," let me tell you, you are wrong. At this 2-millimeter spot, various factions will form. The eraser will be used to remove these factions from sight. The factions will be observed from a distance with the telescope. Since it is well known that factions are seen better from a distance and that once they come near their form becomes ill-defined, consideration will be given to whether these factions are "made to order." Whose label these factions were established under will be further investigated.

If this work is successful, it will make the establishment of parties much easier.

What do we say?

The Center...

The center of what? Who is on whose right, who on whose left? Who is in front of whom, and who in back of whom?... How many millimeters to the right? How many millimeters to the left? And how will this problem of "scale" be solved? What will be the scale of these persons and parties? From which angle of the circle will the center be viewed?...

The center is important, the scale is important, the angle is important....

9962

CSO: 3554/83

RAPPROCHEMENT SEEN IN TURKISH-SOVIET RELATIONS

Istanbul TERCUMAN in Turkish 1 Dec 82 p 4

[Article by Nur Batur: "Softening in Turkish-Soviet Relations Anticipated"]

[Text] Moscow (TERCUMAN)--Official discussions held between delegations led by Foreign Minister Ilter Turkmen and Foreign Minister Gromyko of the Soviet Union have been completed. Foreign Minister Turkmen also held a discussion with Soviet President Tikhonov the previous day. In addition, Turkmen placed wreaths during visits to the Lenin mausoleum and the tomb of the unknown soldier.

At the end of the 2-day talks, during which political and economic relations between Turkey and the Soviet Union were considered separately, a unity of views was reached to the effect that "Relations based on the principles of noninterference in each others' internal affairs and, despite the membership of Turkey in the NATO alliance and of the Soviets in the Warsaw Pact, of good neighborliness" are to be continued. Both Turkish and Soviet diplomats note that relations between the two countries are entering a period of reinvigoration and that the stagnation in political relations will give way to stable relations once again.

According to diplomatic circles, Turkmen's Moscow visit achieved its objective to a large degree in terms of furthering relaxation, despite the fact that it did not completely remove troublesome issues between the two countries.

Meanwhile, in discussions held between Foreign Minister Turkmen and Chairman Skachkov of the Soviet Foreign Affairs Committee and Minister of Foreign Trade Patolichev, it was decided to develop economic and trade relations. In the discussions, Turkmen proposed raising the 600-million kilowatts of energy received from the Soviets to 1 billion kilowatts. The Soviet side accepted this proposal from Turkey. Existing electrical lines are, however, inadequate as of now. Technical discussions will be held in the near future concerning expansion of the lines.

Another issue involved a project for extending to Turkey the natural gas pipeline that runs from the Soviet Union to Bulgaria. Technical discussions will also be held soon concerning this project.

Political Discussions

Results that emerged and issues that were considered on the subject of the status and future of Turkish-Soviet relations (which formed the chief focus of Foreign Minister Turkmen's Moscow visit) are as follows:

Before Turkmen's visit to Moscow it was expected that the Soviet side would raise for discussion the plan for airfields to be expanded in eastern Anatolia in cooperation with the United States. Despite sharp commentaries in the press enunciating the views of the Soviet administration, Gromyko did not raise this issue. Diplomatic observers note that there may be two primary reasons for this. First, the Soviet Union does not wish to aggravate its relations with Turkey, and second, Turkey's statements to the effect that these airfields will be used only in the pursuit of NATO objectives and that the Turkish Government has not entered into any other obligation.

On the other hand, chief among the issues troubling Turkey are the claims that the Soviets have had a hand in the anarchic events in Turkey. It was not expected that this problem would be openly discussed in the talks. Nevertheless, it was noted in diplomatic circles that the Soviet foreign minister's words to the effect that his country's policy was based on principles of noninterference in the internal affairs of other countries indicate that "the Soviets wish to remove this concern felt by Turkey."

Also considered in the discussions, in the evaluation of the international situation, were developments in Afghanistan and Poland, peace efforts in the Middle East, Turkish-Greek relations and the Cyprus question. The Soviet side, drawing a gloomy picture of East-West relations, reiterated its views on the issues of Afghanistan and Poland.

On the issue of Turkish-Greek relations, it was stated that the problems between the two countries must be solved through discussions. At this time, when Greece has broken off the dialogue with Turkey, the Soviet assertion that it favors discussions was considered in diplomatic circles to constitute support by the Soviet side for Turkey's peace-making efforts.

The Cyprus question, however, was considered in a very narrow framework. The Soviet side stated that it favored intercommunal discussions.

On the subject of establishing a permanent peace in the Middle East, it emerged that the views of the two countries were very close and that the two sides both supported, to a large degree, the resolutions of the Fez summit.

9962

CSO: 3354/83

U.S. MILITARY IMPACT ON TURKISH MID-EAST RELATIONS EYED

Istanbul MILLIYET in Turkish 2 Dec 82 p 8

[Commentary by Teoman Erel: "Mobile Force, Rapid Force, Our Force"; passages enclosed in slantlines printed in boldface]

[Text] It seems the timing was a little off.

While our Minister of Foreign Affairs, Ilter Turkmen, was holding discussions in Moscow, an agreement was signed at NATO headquarters in Brussels between Turkey and the United States that allows the United States to stockpile supplies and arms at airfields in our country and provides for the modernization of certain airfields as well as the construction of several new airfields.

We will never know who caused the poor timing. But it is clear that such untimely coincidences, which tarnish our country's image of stability in the region, serve the interests of the United States more than our own.

Turkey wishes to work for peace and cooperation in the region, while at the same time not neglecting any measures required for its defense. It must necessarily conduct and develop good relations with its neighbors.

Perhaps the Soviet Union sees the nuances. It is well aware that even though they are compatible, the interests of the United States and Turkey in the region show certain disparities.

Thus, as Mehmet Ali Birand reported from Moscow, Soviet officials put negative speculation to rest and did not mention the Turkish-U.S. agreement signed in Brussels at all. Birand evaluates this situation thus:

/"Efforts were made not to raise a new problem between the two countries."/

Essentially, the military measures taken for national defense with respect to our country's territory or for intervention in nearby regions do not cause tremendous anxiety on the part of the Soviet Union.

The late Brezhnev years ago spoke thus to a Turkish Government delegation visiting the Soviet Union:

/"You have a large army. If it faces us it is weak. If it faces certain countries to the south of you it is more than sufficient."/

This appraisal, which we heard from a friend who participated as a minister in that Turkish delegation, cannot be considered far from the truth.

The projected steps for increasing our military strength and for devising new measures to meet certain contingencies in conjunction with our big partner the United States worry some of our friends in the Islamic and Arab worlds more than they worry our northern neighbor.

For example, Iran; for example, Libya....

And there are indications that the preparations spoken of in technical terms such as /"mobile force,"/ the modernization of airfields and facilities for stockpiling may be linked with more extensive projects in which Turkey is intended to play a major role.

The terms /"mobile force,"/ comprising only American units and intended for the Persian Gulf in particular, or /"rapid force,"/ which would be formed by additions to NATO forces in Europe and would be utilized only for NATO objectives, refer to military forces whose functions have come a long way.

They will perform operations employing airfields and depots to be established in our country as needed....

This is the most remote contingency foreseen in official statements up to this time....

But unofficially, the Americans evidence quite different inclinations.

For example, they speak of a "vacuum" arising in the region after England's withdrawal from the Middle East and the later collapse of the Shah and say that "unfortunately it has not been filled."

Or in the Gulf region they speak about the possibility of intervention in Iran:

/"Forces that would be brought from great distances would not be sufficient...."/

Again, those who cite kilometer distances and state that the transport of forces by air from U.S. bases in the Indian Ocean to the Gulf and Iran would be entirely inadequate are Americans.

And those who emphasize the possibilities created by the proximity of Turkey (mentioned as /"NATO's Southern Region"/) and regions such as Van and Mus in Turkey to sensitive areas are, once again, experts from our big partner.

Looking at all this, we may ask, /"Could it be that in speaking of the mobile force or rapid force they are pinning their hopes on us?"/

If there is a plan to fill the vacuum in the Gulf, in accordance with the interests of the West, and in particular of the United States, with Turkey's strength--and we believe that there is--this possibility will entail risks and problems in connection with the stationing of the mobile force and rapid force and the securing of its ease of passage.

The most concrete and immediate trouble in this matter is for us not to harm our close foreign economic friends, such as Iran and Libya, with whom we enjoy valuable trade worth \$2-3 billion.

At this point we wonder: What is the status of our economic relations with Libya? How are our exports to Iran doing, and what is the status of that country's transit trade through our country? What is being done to negate the intensive efforts waged by the United States to sharpen our image in the region and, perhaps, to leave us with no alternative? When are we going to receive Libyan leader Qadhafi, who it is known would like to visit our country?

It is not enough that we are not eager to assume the role that the late Shah played for the United States in the region. We must express thoroughly and with sufficient energy our firmness in this course to our friends in the Middle East and North Africa.

Otherwise, the steps we have planned for defense and for /"deterrence"/ will be turned inside out by the force of very strong propaganda from our big partner, and, even if the contingency does not actually materialize, our foreign and economic policies in this region will reach an impasse.

9962

CSO: 3354/75

POLL INDICATES 'WORRYING' DROP IN POPULAR SUPPORT FOR NATO

PM061623 Copenhagen AKTUEL in Danish 20 Dec 82 p 8

[Editorial: "NATO Member"]

[Text] A majority of Danes are in favor of NATO--this has emerged from an Observa poll carried out for Jyllands-Posten. This result is no surprise, but what is worrying is the steady decline in the number of NATO supporters. In 1968 63 percent, in 1980 61 percent, in 1982 58 percent.

Nor is it reasonable to see opposition to NATO in the Social Democratic Party's position on medium-range missiles. This is simply an expression of reservations about the superpowers'--and this includes the United States, a member of NATO--view of detente.

Experiences in the years up to 1940 not only frightened the Danes. The situation made it clear that neutrality, no matter how often or how effectively it has been proclaimed, is no guarantee for the single nation, and certainly no guarantee for small countries.

On the basis of these lessons Denmark took an active part in efforts to establish a Nordic defense alliance, but when for many reasons this proved to be impossible, we joined NATO.

That decision has remained the correct one. Membership means security and joint influence on decisions. The Social Democratic Party has exercised this right in its attitude toward the medium-range missiles, but it has to be said that the debate on this issue and the criticism of the Social Democrats can have created movements which could affect the population's attitude toward NATO cooperation.

It is not the alliance and its principles to which objections have been voiced, but one concrete issue: the missiles.

CSO: 3613/46

DANISH ARMED FORCES CONCERNED OVER WARSAW-PACT ATTACK COPTERS

Copenhagen AKTUELT in Danish 11 Dec 82 p 32

[Text] The weapon-laden attack helicopters, which are being used most effectively by Soviet troops against Afghan partisans, are causing concern in some sections of the Danish armed forces.

The rapid placement of special "attack helicopter regiments" is now under way in East Germany and Poland. Of the more than 1,200 helicopters in Poland and the German Democratic Republic, 300 are heavily armed and armored attack helicopters, according to the Danish Defense Ministry's sources in West Germany, among others. From East Germany, these helicopters are capable of reaching Zealand, Fyn and Lolland-Falster, and back again.

While the United States distributes its helicopters among the various armed units, the East German helicopter regiments serve directly under the so-called front commanding officer. That enables a massive, independent helicopter attack. The five Soviet attack helicopter regiments are stationed in Parchim and Stendal, close to the East German Baltic coast. Add to this East German and Polish regiments as well as Soviet regiments in Poland.

According to Honorary Major Steen Lyngaae Jorgensen wit the Zealand regiment, these helicopter regiments constitute a new and serious threat, to which the Danish Ministry of Defense must find an answer.

Moreover, the Soviet army--having learned from its experiences in Afghanistan--has started to replace attack helicopter machine guns with double-barrelled machine cannons, capable of firing 3,000 shots a minute! Add to this armor-penetrating missiles.

The home guard in the Zealand and Lolland-Falster region will now discuss what it can line up against such fire-breathing dragons.

Due to the location, the home guard in this region was the first to receive a few new "Carl Gustav" missile controls. They can penetrate an armored helicopter, for example. But the projectile is very sensitive to sidewind. The region's commanding officer, Lieutenant Colonel Leif Sanddahl, feels that his men will only be able to hit helicopters on the ground.

While the helicopters are in the air, home guardsmen must take cover. Not a good solution if they were to launch an attack at the same time.

BRIEFS

'TOTAL DEFENSE' MANEUVERS HELD--The civil defense, police, military and other authorities that make up the total defense yesterday concluded a week-long maneuver, the first ever in which Zealand, Lolland-Falster and Mon were included in a total defense maneuver. However, the maneuver was conducted in a total defense maneuver. However, the maneuver was conducted under planned leadership and included only 1,500 participants. Major General N. A. Rye Andersen, eastern province command in Ringsted, said that the maneuver, "Smaragd Horisont 82," disclosed some weaknesses, which was its purpose. Among other things, the leaders found that in the event of a military attack on the Zealand region, problems could occur with respect to evacuation and quartering of the civilian population, energy distribution, allied reinforcements and food supplies.

[Text] [Copenhagen AKTUELT in Danish 11 Dec 82 p 32] 8952

CSO: 3613/39

SORSA DEFENDS NEED FOR NEW ARMS PURCHASES FROM USSR

Helsinki HELSINGIN SANOMAT in Finnish 16 Dec 82 p 12

[Text] Prime Minister Kalevi Sorsa (Social Democrat) defended the equipment purchases from the USSR for the army, as well as the recommendations regarding armament given by the Parliamentary Defense Committee, in his speech held at the closing festivities of the National Defense Course on Wednesday.

According to Mr Sorsa, after the elections it is necessary to consider if a fourth Defense Committee should be appointed to prepare a development program for the Army for the years 1987-1991. When commenting on the Treaty of Friendship, Cooperation and Mutual Assistance, Mr Sorsa said that its continuation means "also a strengthening of the fundamental line in our foreign and security policy".

According to him, the tightened, international situation has made the defense policy a critical topic in our country, too.

"In our recent purchases some people have even seen features of arms race. Especially in the equipment purchases for the ground forces, which were made earlier than scheduled in order to balance our trade with the USSR. This was approved in this year's second additional expense budget. This kind of an estimate shows very vivid imagination. The short-range development goals for the army have been set in the report of the Third Parliamentary Defense Committee, and the purchases do not deviate from the Committee's recommendations", said Mr Sorsa.

According to him, Finland cannot, with its own defense policy, influence much the international armament trend.

"If we were striving for that, we should totally give up the army. In that cast we would have to negotiate and solve how to replace the security advantage the USSR has gained through the Treaty of Friendship, Cooperation and Mutual Assistance".

Mr Sorsa thinks that Finland's way of slowing down arms race is an active disarmament policy, as well as an active role in the UN, in CSCE (Conference on Security and Cooperation in Europe), and in bilateral diplomacy.

Committee's Recommendations Followed Also in the Future

"Under the current economic and political circumstances, one would think that it is not in any party's interest to aggravate the national defense discussion. The recommendations of the Third Defense Committee provide a good basis for further development. They will also function as guidelines for future governments", said Mr Sorsa.

According to him, during the next parliamentary term, it should be considered if a fourth defense committee would be needed for the development of the army during the 5-year period 1987-1991.

"It might be useful also for the reason that the parliamentary parties could better devote themselves to the defense issues by means of committee work and reach a mutual understanding of major issues. On the other hand, it is useful, from the army's point of view, that its representatives must, in a critical review, clarify to themselves in which priority the goals will be carried out when resources are limited."

"Harmony Must Be Protected"

According to Mr Sorsa, the Parliamentary Defense Committees have substantially contributed to the development of a uniform way of thinking of the defense issues. This kind of a uniformity has been a part of a larger political integration which has matured in the 80's both in the issues of foreign and economic policy.

"The national self-defense instinct urges us to protect, by all means, this understanding and the objective of harmony related to it."

Mr Sorsa said that the basic issue in Finland's security policy, the most important part being the Treaty of Friendship, Cooperation and Mutual Assistance, has proven to be successful. "When it is time to continue the Treaty, it also means a strengthening of the basic issues in our foreign and security policy."

The defense ideology established in the 70's is based on the fact that the Finnish territory will not be a primary target for an eventual attacker in case of a military conflict. With defense arrangements matching our resources, Finland can prevent or fend off restricted operations against our territory or the USSR through Finland. Should we not, by ourselves, be able to fend off the attacker, the Treaty offers various alternatives to strengthen our defense system", said Mr Sorsa.

12190

CSO: 3617/45

HERNU SAYS INCREASED USE OF HELICOPTER PART OF DETERRENCE

Paris LES ECHOS in French 30 Nov 82 p 8

[Article: "Army: Tanks and Helicopters"]

[Text] The government plans to involve the French Army much more significantly in global deterrence by increasing the scope of its activity and its response time thanks notably to a larger use of combat helicopters. This is what Charles Hernu [minister of defense] announced to the chief of staff of the French armed forces in a letter which the minister of transportation [as published] read to the general officers of the higher army council.

Accordingly, in future years the battle corps could be divided into two separate entities. The armored battle corps would remain, with its initial mission to halt enemy forces, "whether jointly or not with our allies." But one day we may have a command of rapid deployment forces whose action, now oriented to distant combat zones, could also be planned for the European theater. This would occur with increased capabilities and notably a large airborne antitank unit which will be tried out next year on an experimental basis.

This airborne unit will have to rely on combat helicopters of the new generation to which the minister, as well as the chief of staff, seems to be very attached despite difficulties in agreeing on common materiel with our German allies.

The outline sketched by Charles Hernu should serve as a framework for the prospective 1984-88 planning act whose major features will be the future tank and helicopter. The curtain has been raised in order to calm some existing concerns of the French Army regarding its future role.

However, many things may occur between the time that a policy is outlined and the financial commitments that it implies and their actual outlay. The military know this better than anyone else.

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CSO: 3519/187

BREAKDOWN OF FUNDING, EQUIPMENT ALLOTTED IN THE 1983 BUDGET

Paris DEFENSE NATIONALE in French Dec 82 pp 172, 173

[Article by Georges Vincent]

[Excerpt] Outfitting of the Armed Forces and Goals of the Defense Budget

Specifically, the credits in the table below should enable the French armed forces to make the following purchases:

--Army:

- 39 AMX 30 B2 tanks;
- 60 AMX 10 RC tanks;
- 104 AMX 10-P and PC armored vehicles;
- 533 VAB's [armored attack vehicles];
- 36 155-millimeter GCT guns;
- 50 120-millimeter mortars;
- 140 Milan missile launchers;
- 33 Roland ground-to-air missile systems;
- 1,700 tactical vehicles;
- 44,000 FAMAS rifles;
- 15 percent of RITA [Integrated Automatic Communications Network].

If these purchases are made the defense budget would then be realized and at better than 100 percent for some items but at only 46 percent for 155-millimeter guns and at 71 percent for tactical vehicles.

--Air Force:

- 31 combat aircraft (16 Mirage F-1 and 15 Mirage 2000 DA);
- 23 Alpha Jet aircraft;
- 2 Crotale missiles;
- 56 20-millimeter antiaircraft batteries;
- 110 air-to-air missiles.

These figures would signify complete fulfillment of the defense budget (and even better for the antiaircraft batteries).

--Navy:

- 1 ASM [antisubmarine warfare] corvette;
- 1 SNA [nuclear attack submarine];
- 2 minesweepers;
- 1 A-69-class aviso;
- 2 BATRAL's [transport vessels];
- 2 Super Etendard aircraft;
- 11 WG-13 antisubmarine helicopters.

The defense budget would be fulfilled except for minesweepers (67 percent), Super Etendard aircraft (89 percent), and helicopters (93 percent).

Ordinary outlays, with an aggregate of 72.3 billion francs, call for few comments. This spending grows in approximately the same ratio as prices (8.6 percent) and its share of the total defense budget continues to be roughly unchanged (54.36 percent).

On their part remuneration and social expenditures, totaling 48.4 billion francs, increase by 8.6 percent, but it should be noted that in this aggregate social spending is up sharply, by 18.30 percent, whereas compensation proper, which increases to 42.8 billion francs, is up by less than 8 percent, that is, less than prices. It cannot be said that military remuneration is being favored.

Besides the savings made in this way on remuneration, others worthy of note are those under the subhead "Material and Operations" whose 22.8 billion francs represents growth of only 7.58 percent, those in maintenance work (680 million francs, up by 7.20 percent), and especially those involving operational fuels which show a price drop of 2 percent.*

By the tightness of its operations the defense establishment is striving in this way to safeguard the future of its resources. Will it manage to do so? Everything will depend on the accuracy of the economic estimates on which this budget is based.

There will be no cuts in personnel this year, the French president asserted categorically in Canjuers. On the contrary, 1,000 jobs in the Gendarmerie will be created in 1983 to which 3,268 positions for auxiliary gendarmes will be added to make it possible to release personnel from active duty for the campaign against terrorism. Defense thus helps to improve the security of French citizens. But all this involves some sacrifice. There is no question that the armed forces in 1983, even if their immediate operational capabilities are not jeopardized, will witness a difficult period and they will need a lot of imagination to get out of these straits without reducing their level of activity.

*It is true that in 1982 the Ministry of Defense was able to rebuild its supply stocks protecting the armed forces from shortages in 1983.

Defense Budget

Percentage of Increase in 1983 Compared to 1982 (in billions of francs)

	<u>Joint section</u>	<u>Army</u>	<u>Air Force</u>	<u>Navy</u>	<u>Gendarmie</u>	<u>Total</u>
1. Payment credits (PC)						
Title III	15.124 (-0.4%)	21.045 (+10.03%)	13.150 (+9.55%)	11.584 (+10.71%)	11.389 (+14.54%)	72.292 (+8.69%)
Titles V and VI	17.265 (+7.26%)	14.776 (+7.70%)	15.470 (+10.9%)	12.299 (+7.05%)	1.120 (+6.69%)	60.930 (+8.22%)
Total	32.389 (+3.81%)	35.821 (+9.35%)	28.620 (+10.28%)	23.882 (+8.79%)	12.509 (+13.79%)	133.222 (+8.44%)

2. Program authorizations (PA)

	20.441 (+11.21%)	21.025 (+7.90%)	20.910 (+5.62%)	14.822 (+9.89%)	1.245 (+8.31%)	70.443 (+8.49%)
Strategic nuclear forces	PA: 21.023	PC: 17.833				
Tactical nuclear forces	PA: 4.059	PC: 1.467				
	25.082	19.200				

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MODERNIZATION, MISSIONS OF ANTIAIR CORVETTES

Paris DEFENSE NATIONALE in French Dec 82 pp 179-181

[Article by Edouard de Cassius]

[Excerpt] Antiaircraft Corvettes

The principal mission of this type of vessel is to ensure the defense of a naval force against threat from the air. This action may occur in the maritime approaches to French territory but also in the context of the defense of maritime traffic or of a rapid tactical operation.

The growing range of antiship missiles, whether they be launched from aircraft, surface vessels, or submarines, and whose vector falls outside the detection range of naval forces, has changed the nature of antiaircraft warfare whose goal is as much, if not more, defense against missiles as against the aircraft themselves.

That is why modern antiaircraft ships have become extremely complex units in which the means of detection, data processing, and aid to decisionmaking have assumed a very important place in order to face a saturating attack that can be repeated in a very short time and that can involve about a dozen missiles with a curved or skimming trajectory. Simultaneously, they must take into account the constraints of a hostile environment or electronic scrambling, and protection against the latter is part of modern combat characteristics.

To renovate its antiaircraft units (T47 Tartar), the Navy has planned a series of corvettes the first four of which are covered by an aggregate allocation of 6.5 billion francs (1982 francs). The hull of the first of these units was laid in 1979 so that it may be ready for official trials in 1986, with the second craft to be ready for tests a year later.

The antiaircraft corvettes will have the same hull as the antisubmarine corvettes of the "Georges Leygues" type, but their propulsion will be different since they will be equipped with diesel engines with low compression rates rather than with gas turbines. Their maximum speed will be identical (in the order of 30 knots an hour) but with a distinctly lower fuel consumption. Their range will be 5,000 knots at a speed of 24 knots or

8,000 knots at a speed of 17 knots. Their crew will comprise 250 men (22 officers, 125 petty officers, and 103 seamen first class and sailors).

To meet the characteristics of modern antiaircraft warfare, most of the equipment and weapons will be centralized in a "combat system" whose exploitation will be administered by computer capabilities carried on board (SENIT 6) and which include:

- An early warning surveillance radar unit (DRBV 26);
- A multifunction radar for surveillance and targeting (DRBJ 11 with an electronic sweep);
- A set of electronic warfare equipment (radar interceptors and radioelectric beams, scramblers, decoy-launchers);
- A Samp Tartar weapons system using standard missiles;
- A 100-millimeter gun turret and its firing guidance system;
- 8 MM40 missiles;
- 2 ground-to-air very short range missile launchers (Mistral);
- 1 helicopter.

The antisubmarine warfare arms and equipment will be linked to the combat system rather than being guided by it. They are intended exclusively to ensure the self-defense of the vessel. They will include principally a panoramic DUBA 25 sonar unit and six L-5 torpedoes launched from their cradles. Subsequently, the antiaircraft corvettes will be equipped with a very low frequency listening device.

The combat system, directed by a set of computers, will be operated on the basis of 14 visual display units (consoles and tactical situation tables located in the central operations room).

Finally, special care has been given to the definition of internal and external communications capabilities which must ensure fast and secure use of a large number of communications facilities.

The naval combat that can be projected for the 1990-2000 decade no longer makes it possible to envision multipurpose craft. This fact does not apply merely to the French Navy. All the major navies of the world are engaged in building specialized units for antisubmarine, antiaircraft, or even surface warfare. The makeup of a fleet assembled for a given mission is a function of the foreseeable threat.

Around a central core such as an aircraft carrier or an amphibious force one now finds an escort in which every unit's task is to ensure defense in its particular field. Units such as the "Suffren", a craft equipped for both

antiaircraft and antisubmarine warfare, have made possible the transition between the planning of a homogeneous fleet and that which now prevails and in which antiaircraft corvettes as well as antisubmarine corvettes have a well-determined task. This evolution, which is operationally necessary, involves a very onerous financial burden to the extent that it then becomes indispensable to build different sets of craft including a minimum number of units below which the development and production costs would become prohibitive.

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ACTIVITIES OF SURFACE SHIPS, SUBMARINES FOR 1981-1982

Paris DEFENSE NATIONALE in French Dec 82 p 179

[Article by Edouard de Cassius]

[Excerpt] Survey of a Year's Activity of the Navy

From July 1981 to July 1982, surface ships and submarines chalked up 382,225 hours at sea. For all the units together, that is 232 craft, the average activity for that period came to 99 days at sea (slightly more than the previous year).

If one excludes those craft which are now in French waters or are on mission in remote theaters and the avisos whose beefed-up crews make a more sustained activity possible, the units which total the largest number of days at sea are the tanker-supply vessels, amphibious craft, and submarines.

It is found, moreover, that most of the major combat units spend as much as 110 days at sea and that while the general average is below 100 days, that is due to small craft and auxiliary craft.

The volume of capabilities is thus limited to executing at the theoretical level of 100 days at sea all the missions entrusted to the Navy. This situation will be increasingly strained with the irreversible drop in the fleet's tonnage at the close of this decade.

Among the Navy's missions the following breakdown was noted:

--26 percent of its activity was devoted to operational functions, that is, an increase of 6 percent in a year;

--36 percent of its activity was devoted to support operations (Navy and military operations in general);

--24 percent was devoted to training (down by 1 percent);

--14 percent was devoted to specific public service operations (up by 2 percent) which do not include traditional surveillance operations effected systematically by all craft at sea.

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AIRCRAFT CARRIERS, SUBMARINES IN N'DJAMBOUR EXERCISE

Paris COLS BLEUS in French 18 Dec 82 pp 9-13

[Article by Rene Guillemin: "N'Djambour III with the Rapid-Assistance Force"]

[Excerpts] The Thiof mission was an undertaking with a hundred different acts, and the scene of which extended from Toulon to south of Dakar. Its main purpose was the training of our intervention forces and our amphibious forces, with a view to giving rapid assistance to a friendly state, Senegal, to which we are linked by a defense agreement.

The Franco-Senegalese "N'Djambour III" exercise, which was carried out from 28 November to 4 December, was the centerpiece of the Thiof mission. The Navy component of the Rapid-Assistance Force was under the command of Rear Admiral Louzeau, commander of the Mediterranean Squadron; his ensign flew over the aircraft carrier "Foch," whose commander is Captain Debray.

Sailing from Toulon on 20 November, Rear Admiral Louzeau's task force comprised six ships. The "Foch" was accompanied by the missile-launching cruiser "Suffren," a multipurpose ship whose main responsibility is antiaircraft defense. The main field of action for the corvette "Dupleix" is antisubmarine warfare.

The landing-craft carrier "Ouragan" carries lighters in its bed: one EDIC [platform for landing infantry and tanks] and four CTM's [expansion unknown]; it transported 200 soldiers. The tank-landing ship "Dives," which has been shortened, left Toulon on 15 November.

Logistical support was provided by the refueller "Meuse," which was itself refuelled by the tanker "Port-Vendres," a civilian ship chartered by the Navy for 1 year.

The naval force carried Navy commandos: an element of the Hubert commando unit (combat divers) and the Penfentenyo and Jaubert commando units. The "Foch," of course, was the essential part of this very well-balanced force. Captain Debray took his ship to Lebanon twice last summer. Armed with aircraft-carrier No 2, he put into action in this operation 15 airplanes of Naval Air fleets 14 and 16F (Super Etendards, Etendard IV-P "photos"), Alizes, and three Super Frelon helicopters of 33-F. To this Navy materiel were added 14 helicopters of the Army (ALAT [Army Light Aviation]), including 10 Pumas. The Aviation chief,

Commander Castellani, the flight-deck and hangars chief, Lieutenant Commander Glaize, and the landing officers and teams of sailors did not have time to get bored.

400 Soldiers on Board

They are with the 31st Brigade, an Army intervention force composed of Legionnaires, Naval Infantry, and Navy gunners also.* The ALAT personnel, pilots and mechanics, trained hard. The Pumas took off from the flight deck, came back and landed again, left again, carrying groups of soldiers or sailors.

At an economical speed, wisely, the aeronaval group went in 9 days from the latitude of Toulon to that of Cape Verde, where the "N'Djambour III" operation began. It was 9 days put to good use. First of all, a second group left Toulon on 21 November. It comprised the aircraft-carrier "Clemenceau," flying the ensign of Rear Admiral Klotz, commanding the aircraft-carrier group and the aviation materiel on board them, and the FLM [Missile-Launching Frigate] "Duquesne," of the same type as the "Suffren."

Not a very common situation, this, with our two aircraft carriers in operation at the same time. They had a total of 62 aircraft, including 26 Super Eten-dards. The "Clem," which is aircraft carrier No 1, carries 35 planes. This imposing aeronaval force made it possible to undertake a series of very profitable exercises. For the christening of these operations, the most ferocious fish were called on. Thus, "Moray" took place in the area just east of the Straits of Gibraltar. The naval force was protected from attack by the submarine "Flore" of the Mediterranean Flotilla.

Once the straits were passed, "Piranha" was the occasion for training the surface forces, which had just been joined by two ships of the Atlantic Squadron, the AMS [antisubmarine] frigate "Duguay-Trouin" and the squadron escort "Casa-bianca."

The exercises continued. The aircraft carriers, as friendly enemies, attacked one another; this was the "Manta" exercise. The "Rubis," for its part, got back out to deep water and tracked the naval force with great success. Speed made it necessary! This was the "Barracuda" exercise, at the conclusion of which the nuclear-powered attack submarine headed toward the Antilles.

The "Clemenceau" and the "Duquesne" left us and went off to work with the Moroccans, which meant a call at Casablanca for them.

The task force of the "Foch" took an attack from eight Air Force Jaguars, coming from Dakar, on 27 and 28 November. Off Mauritania, the operation quite naturally took the lively name "Fatma." Several of the group's ships passed between Tenerife and Gomera, two of the Canary Islands. On the map, to the

* The 2nd REI [expansion unknown] (from Corsica), the 1st RPIMa [Marine Parachute Infantry Regiment], the 1st RAMa [Marine Artillery Regiment]. This last has ground-to-air missiles and Bofors antiaircraft cannon.

south, there began to appear the well-known names of the Mamelles and the Almadies, leading up to Cape Verde. We were about to enter the zone of the "N'Djambour" operation, the third of its kind.

For the aeronaval force and especially for the troops, 29 November will remain the longest day of "N'Djambour." The Guereo beach southeast of Dakar was the objective for the landing of the soldiers of the Rapid-Assistance Force. A beachhead was thus going to be created. Why? The theme of "N'Djambour" appeared quite realistic. Troubles had broken out in Senegal, fomented from the outside, and were not sparing the city of Dakar. A mischievous state, "Carmine," was invading the country from the north, and its troops were crossing the Senegal River. The Senegalese Army was holding Saint-Louis, Thies, Cape Verde, Rufisque and Kaolack solidly. Senegal invoked the assistance treaty with France.

The French Rapid-Assistance Force, landing southeast of the capital, was to advance to the north of the country and, with the Senegalese forces--the "Blue" party--relieve the threatened cities and drive out the "Carmine" invader.

At 0300 hours, the naval force of France (the "Azure" state, the exercise texts specify) began the amphibious operations.

The "Ouragan" opened up its hold. the EDIC and the CTM's headed toward the beach, loaded with soldiers. The men of the Hubert commando unit beacons the beach. The "Dives" hit the beach and opened up, and the commandos dashed out with the squadron of AMX-30's machines, being used in an overseas exercise for the first time.

There was intense activity on board the "Foch." Legionnaires and Marines in green uniform embarked in the helicopters in good order. In the night, the flight deck presented an extraordinary spectacle with the 10 Pumas and the Super Frelons taking off and heading toward the shore to deliver the soldiers. The Super Etendards provided fire support for the troops.

The "Dupleix" and two patrol boats of the Senegalese Navy took part in this fire support and then went off to create a diversion farther south, toward the mouth of the Saloum, the river of Kaolack, which is heavily silted-up today.

The soldiers of Colonel Le Corre, chief of staff of the 31st Brigade, had the situation well in hand and began the long march under the sun in the plain toward Thies, a military town in the interior well-known to the French. At 1100 hours, operational leadership passed from Rear Admiral Louzeau to the commander of the land forces.

The Air Force's Jaguars, under the command of Colonel Delattre, simulated attack against the forces that had landed.

The "Foch" continued to support, with its Super Etendards, the northward advance of the Franco-Senegalese forces. N'Djambour came to an end with the defeat of "Carmine."

The ships of the naval force entered Dakar on 1 December for a well-deserved rest call. On 5 December, a big Franco-Senegalese military march-past was conducted in Louga, a brand-new city in northern Senegal, before the high civilian and military authorities, among whom were the commanders of the French ships. Planes from the "Foch" and the "Atlantic," of the Cape Verde Forces, took part in the fly-past.

Leaving Dakar on 6 December, the aeronaval force made a 3-day call at Las Palmas. It got back to Toulon on 16 December. The Thiof mission was completed.

On the "Foch," Chief Physician Boisivon has two physicians and a dentist under his orders. For a mission of long duration, a surgeon reinforces the team. The infirmary of the "Foch" is well-organized: a modern operating room, an examination room, a medical-care room, a small 32-bed hospital.

"We must be able to take action fast," Chief Physician Boisivon tells us, "in the event of the crash of an airplane on the deck, a fire, etc. Our combat planes cannot evacuate the wounded, which explains the magnitude of our facilities."

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DRET PREPARES COLLOQUIUM ON MILITARY RESEARCH

Paris L'USINE NOUVELLE in French 16 Dec 82 p 228

[Editorial by Robert Clarke: "Military Research: Operation of Charm"]

[Text] The National Science and Defense Days will be held at the Ecole Polytechnique next April, under the presidency of Nobel-prizewinner Louis Neel. The purpose of these Days is to show the armed forces' contribution to the national research effort, the statement of reasons says, and to make not only the specialists--researchers, industrialists, for example--but also the widest possible public aware of it.

It is thus an operation of charm that is being prepared, under the aegis of the DRET--the Directorate of Research, Studies and Techniques of the General Delegation for Armament. The two National Days will be preceded by regional meetings that will permit a dialogue between the researchers and the military authorities on a whole series of themes, from automatics technology to biology, with materials, acoustics or electronics in between.

It is difficult to determine whether the fact that this operation is being carried out today is due to the new government of the left or whether the military authorities would have considered it necessary in any case.

One gets the impression, when listening to those in charge of these Days, that it is suddenly urgent and important to engage in dialogue with the researchers and public opinion on this military research, whereas it used to be quite obvious that this was an area in which the "great hush-hush" was especially well-deserving of that nickname. Nothing filtered out about the work being conducted in the specialized military laboratories.

This necessity for secrecy is quite understandable, in view of the strategic importance of certain work--in electronics or the power-laser field, for example. It is entirely normal for the imperatives of national defense to play a part in the research carried on for military purposes.

But this does not cancel out the fact that there has been, for a long time, an ambiguity in the relations between the world of scientific research and that of the armed forces. Researchers have always raised questions about the size of the military-research budget, which represents some 35 percent of the total re-

search-and-development effort made from public budgets and about 23 percent of the national effort. The total expenditure by the Ministry of Defense for research comes to Fr 17 billion this year and involves 20,000 persons, including more than 2,000 researchers.

The questions that the researchers regularly raise about this military research are twofold. On the one hand, they are disturbed about the weight that it represents vis-a-vis development--60 percent of the military-research credits go to a few big industrial groups. On the other hand, they ask whether there is a risk, in a period in which the civilian research credits may appear insufficient to some, that there is this temptation of the contracts offered by the armed-forces ministry, contracts that are often very big and that could detour fundamental work toward military objectives.

It is obvious that these questions have not just come up all of a sudden and that the military authorities are perfectly well aware of them. It appears that the problems are currently being debated in a clearer manner than in the era when organisms financed certain work secretly, as was the case with NATO and with research on the brain. The organizers of next April's Days are postulating beforehand that it is essential to keep the largest possible number of citizens up to date on the technical and scientific questions relative to the defense of the country and that they urgently need the cooperation of all in order for the technical and scientific problems from parades to new weapons to be dealt with better.

One cannot help but subscribe to these purposes. The real difficulty is to know whether a dialogue under the aegis of the military authorities only will really be fruitful and whether it will indeed lead to the results expected from it. The choice of Louis Neel and not of Alfred Kastler, another prestigious Nobel-prizewinner in physics, is significant of the military authorities' desire to keep control of the discussions and limit the fundamental debates on armaments--rather, on disarmament. Alfred Kastler, who urges material elimination of weapons and considers that it is the honor of scientists to carry on such a fight, would certainly not have failed to undertake debate in this field.

This attitude is shared by a certain number of researchers, notably in the advanced areas, which are presently subjected to heavy armed-forces demand--in biology, for example. The organizers of the Days in April declare that they will invite the participants in the discussions on the sole criterion of their research activity and that it is high-level researchers whom they would like to enter into discussion with. To prescind from the fact that it seems surprising that there has not yet been an opportunity for this dialogue to take place, so powerful is the military machinery, in France as elsewhere, one may ask whether a more pluralistic type of organization, on more open themes, might not have made possible a more far-reaching discussion between the citizens and those responsible for military research.

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CSO: 3519/208

BRIEFS

INSTRUMENT CERTIFICATION FOR ECUREUIL—On 2 November 1982, D.G.A.C. ("Direction Generale de l'Aviation Civile") issued I.F.R. certification (instrument flying) for the light twin-engine helicopter AS.355 F Ecureuil 2 built by Aerospatiale. Certification covers both single and dual pilot versions. The Ecureuil 2 has a new instrument panel which accommodates instruments needed for I.F.R. In this configuration, it is equipped with the SFIM 85 T 31 (3 axis) autopilot associated with the SFIM navigation coupler CDV 85 T3. The AS.355 F Ecureuil 2 is certificated for a maximum weight of 2300 kgs, and complies with specific market needs such as the ability to fly over cities or the sea, notably for servicing close off-shore oil drilling stations. This helicopter made its maiden flight on 27 September 1979. Like the single engine version, of which some thousand were sold, the Ecureuil 2 employs the most modern technology, such as new materials for rotor and airframe which make for a substantial saving in purchasing and operating costs. To date, 477 orders have been booked for the AS.355 Ecureuil 2, from 119 customers from 25 different countries. I.F.R. certifications from the F.A.A. (U.S.A.), C.A.A. (Britain) and D.O.T. (Canada) are expected for the first half of 1983. In the I.F.R. single pilot version, the Ecureuil 2 can carry 4 persons over 520 km with 45 minutes fuel reserves. [Text] [Paris BULLETIN DU GIFAS in English 18 Nov 82 p 3]

SFIM EQUIPMENT FOR TORPEDOES—Following a call for bids issued by "Etablissement des Constructions et Armes Navales de Saint Tropez", SFIM ("Societe de Fabrication d'Instruments de Mesure") has been selected for development of the "Capitole" homing/piloting generator intended for the future generation of French torpedoes. This equipment will embody principales and technology employed by SFIM in inertial guiding of tactical missiles and automatic piloting of aircraft. SFIM systems of the SIL strap-down type are organized around an inertial reference which employs the GAM line of gyroscopes with tuned rotor associated with specialized electronic computational components. This decision coincides with commissions to SFIM from "Service Technique des Engins Tactiques" and from French manufacturers for the study of development of inertial systems for future anti-vessels and anti-air missiles. [Text] [Paris BULLETIN DU GIFAS in English 11 Nov 82 p 6]

AEROSPATIALE'S HELICOPTER SALES DECLINE--Sales of helicopters of the Aerospatiale Company are expected to drop by about 50 percent in 1982 after reaching a record of 700 craft in 1981. Since the start of 1982, 260 orders have been cancelled, especially originating from the United States. This drop in sales is also traceable to the lack of reactivation of the oil market. [Text] [Paris LE ECHOS in French 29 Nov 82 p 8] 2662

CSO: 3519/187

POSSIBILITY OF VOLUNTEER MILITARY VS. CONSCRIPT VIEWED

Rome L'ESPRESSO in Italian 19 Dec 82 pp 90, 93, 95, 97-98

[Article by Roberto Fabiani: "Armed Forces--Conscript or Professional? Professor Soldier"]

[Text] A proposal for professional armed forces has been made by Umberto Cappuzzo, Army chief of staff. But many dissent. Here are the reasons on both sides.

Rome. It is the end of 1982, and there is much confusion under the sky of Mars, the god of war and of warriors. In recent days, indeed, the Italian military machine has been greatly agitated by a series of events (some of which have already happened, with others about to happen all together in the coming weeks) that are little-known to the public at large but that will considerably influence for a long time the life and destinies of thousands and thousands of youths.

The first event occurred in remote times, but the effects, as regards the world of arms, are seen now: at the beginning of the 1960's, the Italians began to produce fewer sons. This gladdened the champions of birth control but caused concern among the military, who saw the conscription lists from which to pick out the 250,000 young men destined to get draft notices every year grow thinner.

More precisely, the shortage of draftee soldiers began in 1980 and will keep on getting worse in the next 20-year period until the dearth of 1998, when it will be possible to select only from 308,000 males of an age to bear arms. The general staffs have known these things for some time, and, being less shortsighted than people usually believe, have already begun to study the question of how to fill in the gap. But since they are also endowed with little imagination, the only thing they have managed to come up with so far is a good stiff lengthening of the draftee's term of service. And this is the second event. Vittorio Santini, defense chief of staff, made himself the announcer of this idea in the last week of November. Santini is an open and cordial personage who does not, however, like to speak in public or appear in the pages of the newspapers; so the fact that he decided to go public, in an interview, with so unpopular a position signifies that the top military echelons have taken this route with considerable firmness of decision, entailing also, in support of

this position, other technical arguments, the first among which is the one relative to the very rapid evolution of weaponry, which is becoming increasingly sophisticated and for the operation of which a 12-month training period, as is the case for the Army and the Air Force, or 18 months, as is the case for the queen of electronic devilry, the Navy, cannot be sufficient.

This would be one solution, just as there could be others. And perhaps a somewhat longer period of draftee service would not represent the end of the world for boys called to arms at the age of 19. Except that the politicians have ideas entirely different from those of the men with the gold braid and are getting ready to give them some intense disappointments. One must understand first of all that the mutual esteem between the military and the politicians has always been and continues to be rather low. The armed-forces professionals consider the political professionals entirely incapable of understanding the technical problems (and they could even be right, considering the fact that in a Parliament of more than 1,000 persons the experts in military matters can be counted on the fingers of one hand), ready only to approve demagogic measures that win votes in their respective districts without concerning themselves about the damage that they cause in others. The politicians, on the other hand, think almost all possible ill of the military, beginning with the fact that they want elephantine armed forces solely in order to keep a large number of commands going and distribute a large amount of braid among themselves. And if they at least knew how to organize this elephantine machine with a decent minimum of efficiency! Nothing doing. Now, though, the politicians are thinking about dictating the lines along which the military technocrats will have to move. And these are the events that are about to happen and that are taking the form of a bill entitled "New Norms for Military Conscript Service," which is to be discussed in December, governmental agonies permitting.

First. The honorable members of Parliament maintain that 12 months of service is enough and more than enough. For the Navy too, which will therefore be considered on an equal footing with the other armed forces. To be sure, the equipment is complex and sophisticated, but today's youth are better-educated and better-informed than before and learn fast. The real problem is how to use the year available, and here, it would be better for the top brass to keep quiet and go hide. Do they know the ponderous literature on the infinite amount of time that is lost under arms? Do they receive, as we members of Parliament do, thousands of letters from conscripts who complain that the predominant activity in National Service consists in cleaning up courtyards, latrines and corridors? All right, someone has to do these things, and so the Ministry of Defense will hire civilian personnel (whom he will also send into the draft offices to take the place of soldiers who now spend the day shuffling papers). Thus, freed of tasks that have nothing to do with defense of the homeland, the conscripts will divide their time between training and professional instruction, so as to become authentic and efficient warriors, ready, once they have gone home, to enter the world of work with a trade under their belts.

This is a rational way of organizing things, one that has enabled the members of Parliament to be generous with passes and leaves; indeed, it is stated in the law that anyone who lives more than 350 kilometers from his barracks would be granted, in addition to the normal leaves, five passes of 5 days each, plus

2 days for travel, and reimbursement for a first-class ticket. A revolution. At this point the top military echelons have begun to stick to their guns and, with pencil and paper in hand, have demonstrated that out of 365 days of draft-ee service time, not more than 200 go for training, what with Saturdays and Sundays, regular and extraordinary leaves for Easter and Christmas, and now the business of the 350 kilometers. Result: with such a system, efficiency remains an unachievable dream. And then the Defense Committee of the Chamber of Deputies has had another idea: 2-year and 3-year service. That is, anyone who likes could stay under arms for 24 or 36 months, during which he would receive a sign-up bonus of Lit 80,000 and monthly pay starting from a minimum of Lit 150,000, and would take high-specialization courses (at least 30 percent of the time would have to be devoted to study). Once out of uniform, and having received separation pay of Lit 300,000, he would have preference in competitions for public jobs and for positions in the public-participation entities. In this way, the armed forces would have a skeleton of professionals (career officers and noncommissioned officers), a connective tissue of semiprofessionals (those under 2-year and 3-year service), and ever-fresh reinforcements (the annual contingent of conscripts).

On paper, a perfect idea--one that seems a great novelty, but is actually not so at all, because extended service already exists in Italy. Except that no one goes into it, and one may be permitted to think that the few who do are decidedly not the best of youth. In fact, the Army could already have 26,600 long-service soldiers enrolled today, but has 820; the Navy would readily open its doors to 11,000 volunteers, but has 5,800; and even the Air Force has trouble finding, each year, 1,500 specialist trainees willing to wear its uniform for 4 years. Since things stand this way, it is reasonable to maintain that the fine law thought up by the Defense Committee would not solve any problems and might well aggravate the existing ones, with drastic reduction of the draftee volume for the Navy (if the San Marco Marine Battalion is considered one of the best in Europe, it is because of the fact that the young draftees do 9 months of very tough training and then do exercises with their NATO colleagues for another 9 months).

Under these conditions, a madcap idea that bubbles up every so often within the severe walls of the Ministry of Defense and in the minds of a few representatives of the people has come to the surface again as 1982 ends: eliminating the conscript armed forces in a courageous gesture and replacing them with an organization that is smaller but composed exclusively of professionals. It is not given to us to know who the champion of this idea is. Among the politicians, only the Movimento Sociale has openly come out in favor of professional armed forces, taking up again an idea launched, in its time, by the Liberal deputy Luigi Durand de la Penne. The Socialists, who have the Ministry of Defense with the very active minister Lelio Lagorio, uphold (through the voice of the person responsible for problems of state, Salvo Ando, and with the minister silent) the necessity of achieving 50 percent professionals and 50 percent conscripts. The Communists do not compromise on the matter of conscript armed forces, in the name of the sacred principles that have it that defense of the homeland should be assigned to all the citizens, not just to some. The Christian Democrats are for the draft too, though Giulio Andreotti (the only one of them who has clear ideas, in addition to being the top recognized expert on

military problem.) declares that "a broad and serious debate, with wide participation, should be opened" on this question and shows that he is not so much against professionalization. Unhesitatingly contrary are those most directly concerned, the military, who 12 years ago did a purely theoretical study and concluded that this approach was not a practicable one.

But then if no one wants these professional armed forces, why talk about them? And the fact that they are talked about, albeit in restricted and furtive circumstances, is learned from the fact that the greatest, the most unstoppable speaker in the history of the Italian armed forces, Umberto Cappuzzo, chief of staff of the Army, that he is one-third military man and two-thirds politician, has come onto the field. Cappuzzo has thus thrown the weight of his authority into the ring in explaining what follows.

The problem does not have to do so much with the Navy, which is quite a small armed force--only 44,000 men. Of these, 51 percent are already professionals and hold the posts that count: on the "gleaner" ships, the ones that are said to be the best, the missile-launching cruisers, the attack hydroplanes and the modern frigates (80-percent professionals); the submarines (99 percent); the helicopter crews and the crews of the antisubmarine planes, as well as that daredevil corps the Underwater Command (100 percent). The Navy would be happy enough just to have things remain as they are, with 18 months of draftee service.

The Air Force is not in a situation of despair either: out of 76,000 men, it has only 27,000 from conscription, and it puts them to guarding the airports and the storehouses (all of which is learned in even less than 12 months) and in the "miscellaneous services"--a vague term for designating dishwashers and cleaners of corridors.

The real problem is the Army, and this is so for the simple reason that Italy belongs to NATO, which has assigned to us the defense of the northeast border, which also happens to be our border. NATO has an article of faith: the Warsaw Pact, if it attacks, will attack with 10 Soviet and Hungarian divisions with a strength of 2,300 tanks and 1,400 artillery pieces, and with another 7 divisions in reserve, with 2,000 tanks and 1,300 cannons. The minimum proportion with which one could hope to resist is one defender for every three attackers (without reference, of course, to any atomic strike, in which case this discussion becomes pointless). It follows from this that Italy has to keep 8 divisions, with 1,250 tanks and 550 artillery pieces--which in any case is not very much--massed on the eastern border. And considering the fact that for every soldier who shoots or who gets shots fired, another six are needed behind him to supply him or keep his materiel going, we arrive at 262,000 men. Do you who talk about a professional army have any idea what all this would cost? The answer is easy--six times what it costs today, with only 20-percent professionals (career officers and noncommissioned officers and a single assault paratroop battalion, the Col Moschin).

Where is this money? And where are these masses of volunteers? The volume of volunteers in Italy is not negligible: 30,000 men a year go into the Carabinieri, the police, fire departments. But with that cream skimmed off, there re-

mains only the bottom of the barrel to be scraped, to take whatever comes along. There is a risk of having an Army of derelicts who have not managed to get anything going anywhere else and take refuge in uniform. That is not much of a result. Not to mention the probability that all the volunteers would come from the south, because today there are entire regions (Lombardy, Piedmont, Liguria, Romagna) that are not represented in the official regimental lists, and this, from a moral point of view, would not be the maximum desirable, when it is a matter of risking one's skin to defend the homeland. And don't tell me that in the event of danger I can call on the draft, because I would not have time. In the last analysis: the Army must have, as it does, a framework of professionals that would be supported with a conscript corps in service long enough for training these young men who are so intelligent in the use of weapons that are so sophisticated.

Thus spoke Umberto Cappuzzo the great, and everyone granted that he was right because technical, economic and moral considerations militate against and impede the formation of a professional army. Then he said also that the period of conscript service should be not reduced but lengthened; but then everyone pretended not to notice and went their own ways, quite determined to disappoint the military, who are becoming more bothersome from month to month. But the honorable deputies on the Defense Committee did not think that others were getting ready to disappoint both the military and them. Disappointment for the military: after quite a few good years, if not fat ones, with budgets always up year after year, they have now seen their appropriations cut by about Lit 1 trillion out of a total of Lit 12.6 trillion. Disappointment for the representatives of the people: the fine reform law should cost Lit 450 billion in 3 years. The money is not there, and coverage is not assured. The constitution is at hand, and the law does not pass. There is great confusion, and the complicated matter throws light on the fact that in Italy, military policy--and to tell the truth, not only military policy--is made in a schizophrenic manner.

How the Others Do Things

In the Western world, and particularly within the framework of NATO, only the United States and England maintain, in peacetime, armed forces composed exclusively of professionals (obviously, recourse to the draft in case of war is provided for). Both countries say they are quite satisfied with their respective systems, which for that matter are quite similar and characterized by extreme flexibility. In the United States (2.11 million under arms, with the support of 1 million civilians), it is possible to enroll in the three armed forces between the ages of 17 and 34 and to sign up for 3 to 6 years in the Army and 4 to 6 years in the Navy. If one so wishes, and if the military administration agrees, one can re-enlist for further periods until one has 20 years of service, when one is entitled to a pension (full pay for sailors, half-pay for soldiers). Anyone who leaves earlier receives separation pay. Things are organized the same way in England, where one can enlist from age 17 on for a minimum of 3 years (5 for the Navy) to a maximum of 22 years. For particular specialties, the minimum enlistment is for 9 years, and officers must stay at least 18 years. After 16 years, one is entitled to a pension.

In the rest of Europe, military organization is mixed, with a framework of professionals filled out by conscripts in a percentage that varies from country to country. To speak only of land armies, in Italy, out of 270,000 soldiers (there are 20,000 civilians employed in the Army), the draft covers 80 percent; in France (320,000 soldiers and 40,000 civilians, 12-month draftee service), the professionals account for 40 percent; and in the FRG, the professionals are 60 percent (340,000 soldiers and 80,000 civilians, 12-month draftee service).

By universal agreement of the countries that adopt the mixed system, the ideal organization would be the one consisting in 50-percent professionals and 50-percent conscripts, kept in service for a period of between 15 and 18 months. In counterpart, for obvious greater efficiency, professional armies mean very high costs. In the United States, 41 percent of the military budget goes for personnel, while as regards Europe, it has been calculated, by way of example, that in Italy a mechanized battalion costs Lit 3 billion a year, which goes up to 11 billion in the FRG and 17 billion in England; an artillery group eats up Lit 2 billion per year in Italy, 9.5 billion in the FRG and a good 15 billion in Great Britain--where 2 years ago Prime Minister Margaret Thatcher, overwhelmed by insurmountable budget problems, was about to lay off 10,000 soldiers and even put up almost half of the fleet for sale.

11267

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NEW PHONE SWITCHING EQUIPMENT ENDS AIR RAID WARNING NET

Stockholm SVENSKA DAGBLADET in Swedish 30 Dec 82 p 6

[Article by Bosse Schon]

[Text] The Telecommunication Agency's current program to automate telephone exchanges is reducing the chances the civil defense system has to warn the civilian population of impending air raids.

Today the civil defense apparatus can warn 3.5 million subscribers in 95 urban areas through their telephones.

The telephone alarm system was developed during World War II, when it was found that many people who were indoors, sometimes asleep in bed, did not hear the outdoor alarm sirens.

But the Telecommunication Agency's AXE switches, which are now being installed in telephone exchanges, are unable to give the ringing signal to thousands of subscribers at the same time. A mass telephone alarm system requires high electrical voltage and that creates magnetic fields that disturb the computerized AXE switches. The switching equipment can be rebuilt to handle warning thousands of telephone subscribers at the same time, but it would cost millions.

"If we find an economically defensible solution, it is possible that the switching equipment will be adapted. The matter is under study. Nothing has been decided yet," said director Ingvar Gartmark of the Civil Defense Board.

6578

CSO: 3650/92

REPORT SUGGESTS SUB ESCAPED DURING BRIEF CEASE-FIRE

Stockholm SVENSKA DAGBLADET in Swedish 30 Dec 82 p 6

[Article by Sune Olofson]

[Text] A foreign submarine could have eluded the submarine search in Harsfjarden by slipping past a mine station that was under a cease-fire order for 3 hours. When this became known on Wednesday, it caused a stir among defense staff people. Spokesmen were obviously hemming and hawing.

According to the news service TT, which referred to a "source" (and the newspaper KVALLEPOSTEN), this event took place the night of 7 October, the same date as the big drama at the northern barrier of Harsfjarden. The disturbance there was later regarded as an attempt by the sub to break out.

According to TT, one of several manned mine stations in the southern archipelago was under a cease-fire order for 3 hours on the night in question. The order banned setting off any mines.

Unofficial Secret

But the personnel at the mine station could still have detected a sub passing through the area. "The personnel could have clearly seen via the magnetic field that a submarine was involved," wrote TT.

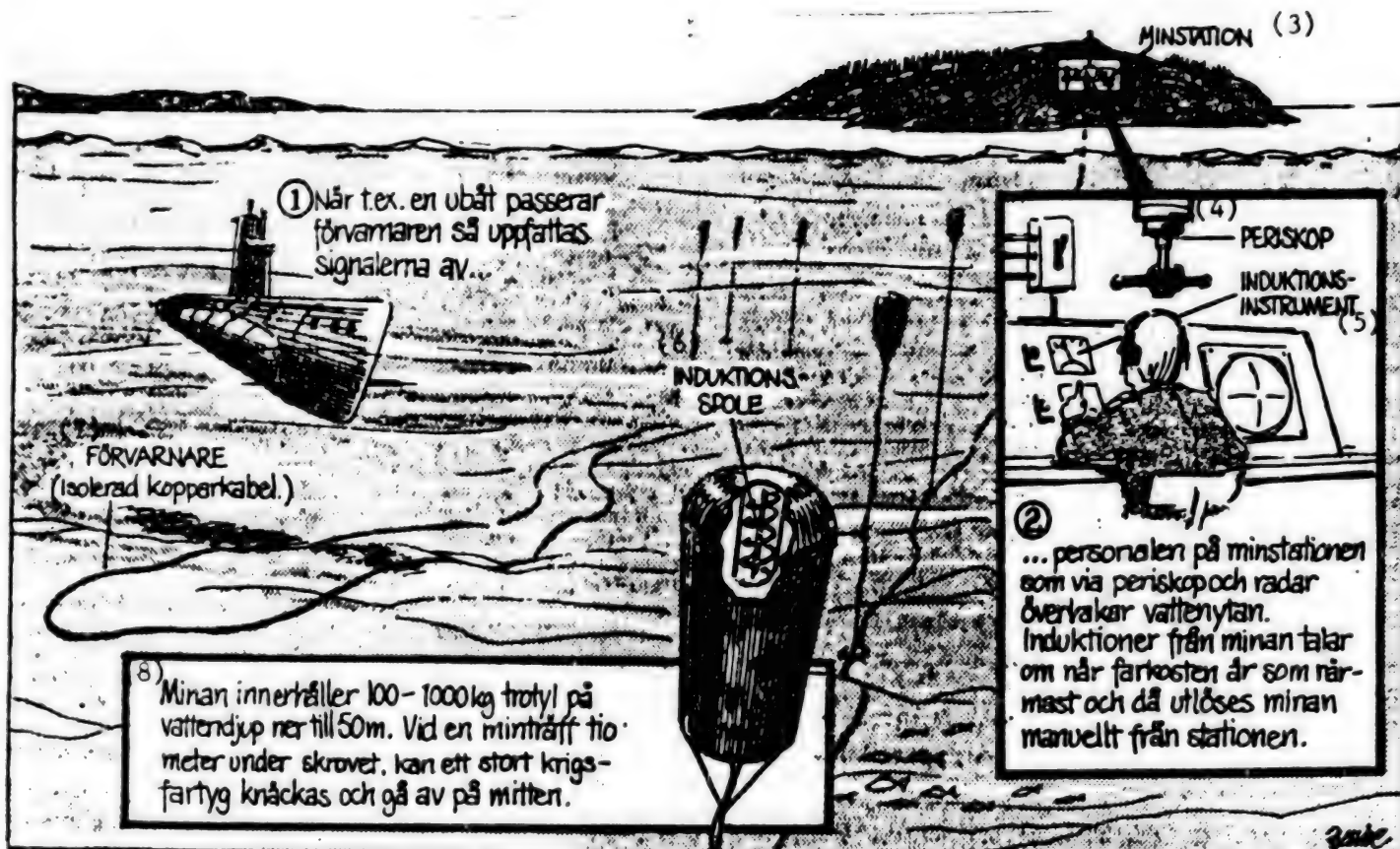
TT's source also said that it is an unofficial secret in the armed forces that the mine station was forbidden to set off the mines.

Defense staff information chief Bertil Lagerwall confirmed to TT that he had heard of the event.

At 1300 hours on Wednesday, Bertil Lagerwall told SVENSKA DAGBLADET:

"All indications are that the reports are not correct. What I said to TT was that I had heard of a cease-fire or something to that effect."

SVENSKA DAGBLADET then asked Bertil Lagerwall if someone in the defense leadership, such as OB [Supreme Commander of the Armed Forces] or the defense staff chief, would comment on the reports.



According to some reports, a mine station was under a cease-fire order for 3 hours on 7 October. A submarine could have made its escape then.

Key:

1. When a submarine, for example, passes by the detector, the signals are seen by
2. Personnel at the mine station who keep an eye on the surface via periscope and radar. Induction from the mine indicates when the vessel is closest, after which the mine is set off manually from the station.
3. Mine station
4. Periscope
5. Induction instrument
6. Induction coil
7. Detector (insulated copper cable)
8. The mine contains 100-1,000 kg of TNT at depths down to 50 meters. With a mine hit 10 meters below the hull, a large warship can be blown in two and wrecked.

An hour later, SVENSKA DAGBLADET again made contact with Bertil Lagerwall:

"No one can or will say anything more about this now. They refer to the investigation of the Submarine Protection Commission under the leadership of former Defense Minister Sven Andersson."

Lie Low

But what about the reports that a submarine went by a mine station under a cease-fire order?

"It is doubtful that this is so, we cannot say anything precise about what happened at this time. Lie low with this until the investigation has been completed."

The permanent chief of the defense staff, Bror Stefenson, was not on duty Wednesday. Acting chief of the defense staff, Colonel Carl-Gunnar Siggebo:

"I have never heard any mention of the event. It is strange that there was a confirmation from the information section, while I know nothing about it."

During another conversation with Bertil Lagerwall Wednesday afternoon, he said to SVENSKA DAGBLADET:

"It is not in Sweden's best interests to have information leaks of this kind. We are lying low for a variety of reasons; we must also take an opponent into consideration."

Cease-Fire Confirmed

Bertil Lagerwall and Emil Svensson, the captain who was part of the submarine analysis group and advised those leading the reconnaissance, confirmed for us that cease-fire orders were issued to mine stations from time to time during the submarine search.

"One reason for a cease-fire would be poor visibility, when passing surface ships would have to be taken into account. And when divers were in the area, cease-fire orders were also issued," said Emil Svensson.

He said it is possible for mine station personnel to detect the passing of a submarine with the help of magnetic forces.

"But the personnel would never set off the mines if a cease-fire was in effect. Instead they would report to the leaders of the search, who could then lift the ban."

Erroneous Reports

Emil Svensson was extremely doubtful about the reports.

"Although I was at the center of what was going on, I know nothing of this occurrence. It is true that there were several reports of passing submarines from mine stations in the southern archipelago, but many were erroneous."

TT hinted that "a mistake on the part of the leaders of the search" may have been the reason for the cease-fire and that the submarine could have slipped through the barrier on "orders from above."

"Quite inconceivable," said Emil Svensson. "It would mean that the sub captain had been informed of the cease-fire and that an agreement was reached with the foreign power. The men who took part in the search would never have gone along with such a serious thing. It would have leaked out right away. It is impossible for something like that to occur quietly, too many people have to be told."

Bertil Lagerwall disclosed that today, Thursday, he would meet the leaders of the defense staff to go over the matter.

"We may decide to hold some kind of hearing in the first few days of the new year."

Wednesday evening Supreme Commander Lennart Ljung made a statement, flatly denying that the government or defense authorities had "let the submarine go." But he did not deny the reports that the submarine might have slipped out anyway under cover of the cease-fire.

6578

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REPORT ON ARIANE FAILURE 'IMPRECISE'; U.S. COMPETITION 'DANGEROUS'

Paris L'USINE NOUVELLE in French 25 Nov 82 p 180

[Editorial by Robert Clarke: "The Shuttle Chalks Up Some Points"]

[Text] Except for a sortie into space that did not happen, the last flight of the American space shuttle was a total success. The directors of Arianespace, the company responsible for marketing the European rocket, could not help but tip their hat to their colleagues and competitors of NASA. Like many space technicians, they were waiting for the space shuttle at this decisive turning-point in its career [as published]: the demonstration that it could really compete with the conventional rockets in the placing in orbit of the principal customers for the space industry, the telecommunications devices, which have to be propelled to an altitude of 36,000 km.

Columbia has twice fulfilled its initial commercial mission perfectly. Doubt has now been removed, and the shuttle is really becoming a direct and very dangerous competitor with the conventional rockets--and Ariane, the European rocket. Ariane's first commercial flight has now been postponed to April or May 1983, after the dramatic accident last September that caused the loss of the satellites that it was carrying, because of the failure of a third-stage turbo-pump. This flight becomes even more important, after the brilliant success of the shuttle. The Europeans should be aware of this: it will be difficult to tolerate a further setback, in the face of an American technology which, by its novelty, constituted a formidable wager that seems indeed to have been won. It should not be forgotten that the engine of the shuttle too is a cryogenic one, fueled by liquid oxygen and hydrogen stored at -270° . What succeeded in the United States, on a larger scale, should also succeed in Europe. Otherwise, what use would it be to have big space ambitions?

Next April, then, Ariane should imperatively make a striking demonstration in order for its growing pains to be nothing more than memories. One hopes so with all one's heart. But some are disturbed about the relative imprecision of the experts' report, which implicates both the lubrication and the machining of the gears of this famous third-stage turbopump. Ariane's customers do not have this report. They will, of course, be reassured to learn that the origin of the trouble is known. Nevertheless, won't they ask whether other parts also run the risk of lubrication troubles or machining defects?

The question is even more serious for the potential Ariane customers, for those who have not decided whether they will use the shuttle or the European rocket for launching their satellites. Europe would like to garner, with Ariane, 20 percent of this formidable market of 10 thousand dollars [as published] that will concern, in the coming 10 years, the placing in orbit of more than 200 devices. It could do so if Ariane proves its effectiveness, for the future is working for us.

First of all, on the level of effectiveness: the future models of the European rocket will be more powerful and therefore more competitive than the one that presently exists. The technological difference with the shuttle could therefore decrease over the years. This is less obvious than for the matter of costs. It is no secret to anyone that on both sides of the Atlantic, launchers are not delivered at prices that correspond to their real cost price. In neither case are the investments taken into account--they are \$10 billion for the shuttle, and six times less than that for Ariane. Nor does the price for putting a satellite into orbit correspond to the real expenses in either case. The difference is especially large for the shuttle: according to an American Senate report, NASA should be billing for each flight more than 10 times what the customers are currently being charged, or about \$15 million per satellite. Even if Ariane could be offered at the advantageous price of \$25 to 30 million, the difference is still great--even if this gives Ariane an advantage of \$5 million over its "classical" competitor, the Thor-Delta rocket.

The Americans do not fail to assert that the presence of astronauts on board their craft is an additional pledge of success: they can make sure that all is going well before releasing the satellites in their charge. This is an important argument in relation to telecommunications devices, which cost billions of francs. Even if NASA ended up complying with the Senate's demands and doubled the price of its flights, from 1985 on it is probable that the shuttle will continue to have orders from all those--and they are numerous--who are impressed by its original technology. Even the Soviets are flying, paradoxically, to the rescue of the Americans: they have recently launched a small satellite from their Salyut-7 space ministration, which has been in orbit for nearly a years. And they are said to be intending--though they have not yet announced it officially--to send up a "minishuttle" soon: some recent tests of one of those mysterious Cosmos satellites appear to prove this, in the opinion of the American observers, who miss very little of what the Russians attempt in space.

In view of the importance that the new space technology may well take on, will it be necessary to revise the European technology? It is too late: there is no recourse but to go ahead from this point on. But it is necessary to go ahead boldly and prepare the future generations of Ariane very quickly: there will be work for all good launchers between now and the end of the century.

11267

CSO: 3519/208

BRIEFS

BERTIN SPACE EQUIPMENT--The French cosmonauts, Jean-Loup Chretien and Patrick Baudry made a visit to Societe Bertin on 26 November, to consult with the engineers who developed and built the equipment used in the "posture" experiment that accompanied the first manned Franco-Soviet space flight. The experiment was designed for examining the possibility of coordinating sensorial and motor systems in weightless atmosphere, while executing certain tasks. Three basic aspects were analysed: the mechanism governing posture adaptation in weightless atmosphere; the significance of sight in controlling motions in weightless atmosphere; the evaluation of certain characteristics of the neuro-muscular system. During the Franco-Soviet flight, this experiment was executed 4 times (3 times by J.-L. Chretien and once by M. V. Djanibekov), and high quality recordings were obtained. During the meeting in the research and development laboratories of the Bertin Co., Bertin engineers were able to become more fully aware of problems encountered in space by those using test equipment, thus increasing their knowledge of space ergonomics. [Text] [Paris BULLETIN DU GIFAS in English 9 Dec 82 pp 5-6]

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